

Comprehensive Annual Financial Report

Linn County Oregon



Fiscal Year Ending
June 30, 2009

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Linn County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



LINN COUNTY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2009

Prepared by: General Administration – Dave Alderman, Accounting Officer



LINN COUNTY
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INTRODUCTORY SECTION

January 7, 2010

Honorable Members
Board of Commissioners
County of Linn, Oregon
P.O. Box 100
Albany, Oregon 97321

Members of the Board and the Citizens of Linn County:

In accordance with Oregon Revised Statutes Title 28, Section 297.425, the annual financial report of Linn County, Oregon for the fiscal year ending June 30, 2009 is hereby submitted. This report consists of management's representations concerning the finances of Linn County and specifies that the responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with Linn County. It is believed that the data is accurate in all material aspects and is prepared in a manner designed to present fairly the financial position and results of the operation of Linn County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of Linn County's financial affairs have been included.

In providing a reasonable basis for making these representations, the adequacy of Linn County's accounting system and the internal accounting controls are key factors. Linn County has established internal accounting controls and a framework of procedures that are designed and monitored to both protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Linn County's financial statements in conformity with generally accepted accounting principles (GAAP). The controls and procedures are intended and designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, Linn County's internal controls and procedures adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded and monitored on a continuing and ongoing basis.

Linn County's financial statements have been audited by Merina & Company LLP, a firm of licensed certified public accountants, with the audit conducted in accordance with generally accepted auditing standards. The goal of the independent audit is to provide reasonable assurance that the financial statements of Linn County, for the fiscal year ending June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Linn County's financial statements for the fiscal year ending June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As with last year's report, this report has been prepared following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. It is our belief that the accompanying financial report continues to meet those program standards and this report will be submitted to the GFOA for review. Specific attention is encouraged toward Management's Discussion and Analysis (MD&A) of the basic financial statements located in the Financial Section starting on page a. The purpose of the MD&A is to analyze Linn County's overall financial position and the results of its operation in FY 2008 - 2009.

PROFILE OF LINN COUNTY

Linn County, established December 28, 1847, is in the center of Oregon's Willamette Valley with the Willamette River as its western boundary and the crest of the Cascades as its eastern boundary. Linn County has a land area of 2,308 square miles and serves an estimated July 1, 2009 population of 110,865. The County is governed under Oregon law as a "statutory county" in structure with a governing body of three full-time commissioners elected at large on a partisan basis and serving four year terms. The Board of Commissioners is responsible for, among other things, adopting policies, passing ordinances, adopting the budget, appointing various committees and advisory groups, conducting hearings and hiring and supervising key department heads including the administrative officer. The Board's responsibilities also include monitoring the activities of the County and coordinating those activities and operations with the other elected officials (Assessor, Clerk, District Attorney, Justice of the Peace, Sheriff, Surveyor and Treasurer) and department heads.

Linn County provides its citizens a wide range of services that include:

PUBLIC SAFETY including the Sheriff's Office (Detective, Patrol, Corrections, Programs, Civil and Support Services Divisions), District Attorney's Office, Juvenile Department including the Detention Center, Justice Court, Law Library and Dog Control.
HEALTH SERVICES including Public Health, Environmental Health, Mental Health, Alcohol & Drug, and Developmental Disabilities.

COMMUNITY DEVELOPMENT including Planning & Building, Children & Families, Surveyor's Office, Parks & Recreation, Fair & Expo Center, Oregon State University Extension, Geographic Information System and Veterans' Services & Property Management.

LOCAL GOVERNMENT SERVICES including the Assessor's Office & Tax Collector, Treasurer's Office and Clerk's Office.

ROAD DEPARTMENT which maintains 1,106.25 miles of road and 329 bridges including six covered bridges with a structured program to rebuild, resurface and improve the road system on a continuing basis.

ADMINISTRATION and SUPPORT including the Board of Commissioners, County Counsel, Information Technology Services, General Administration, Printing and General Services.

The annual budget serves as the foundation for Linn County's financial planning and control. All offices and departments of Linn County submit their budget requests to the Budget Officer in March of each year. The Budget Officer develops a proposed budget based on these requests with the proposed budget presented to the Budget Committee (three Commissioners and three lay members) who review, discuss, balance and approve the budget during public budget hearings in April. The approved budget is then adopted by the Board of Commissioners in June prior to the July 1st start of the County's fiscal year. The adopted budget sets appropriation amounts by fund (e.g., General or Road) and office or department (e.g., Assessor or Planning & Building) for the following categories: personal services, materials & supplies, capital outlay, other requirements and operating contingency. Elected officials and department heads may make transfers within categories but transfers between categories or offices/departments require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and Major Special Revenue Funds, this comparison is presented on pages 8 through 22. For the other funds, the comparisons are presented starting on page 54.

FACTORS AFFECTING LINN COUNTY'S FINANCIAL CONDITION

Local Economy. Linn County's economic indicators, over the twelve month period of this audit, demonstrate that the County's economic activity has been in a historic recession which is in line with State and National trends. That recession is clearly reflected in the County's employment numbers with jobs down by 3,440 (June 2008 to June 2009) and an unemployment rate of 15.4% for June 2009, more than double the 7.0% rate for June 2008. The County's unemployment rate has continued to remain above both the State (12.1%) and National (9.5%) rates and is the highest since the 11.7% rate in June 2003. In general, all employment sectors lost jobs over the last year but education and health services and nondurable goods manufacturing did add some jobs, 160 and 130 respectively. One of the major employer projects mentioned for the last several years is now canceled; Pepsi will not develop a regional manufacturing warehousing and bottling complex in Albany. In addition, one of the major existing employers, International Paper, just announced that it is shutting down its Albany Paper Mill with a loss of 230 jobs. Conversely, a new medical school, the College of Osteopathic Medicine of the Pacific in partnership with Samaritan Health Services, has started construction in Lebanon with the first students expected to start classes in 2011. In the long term, Linn County's favorable mid-Willamette Valley location and

economic diversification will continue to provide the factors needed to allow the County to work its way out of the current recession but the continuing significant problems in the employment, financial and housing sectors create many questions for the next five to ten years.

Revenues and Expenditures. Linn County's revenues continue to reflect the variety of impacts and changes to the revenue sources - Federal, State and Local. The State's FY 2009 – 2011 Budget reductions reflect the State's economic difficulties with the recession and the State's dependence on income taxes. Those reduced revenues in turn produced reductions in State funding for County programs. Some other County revenue sources have also declined resulting with modest changes in service levels but, in general, the County has maintained citizen service levels during this audit period.

That service capability is expected to continue to change in the future with the four year reauthorization of one of the major revenue sources – the Federal timber receipts. The reauthorization, approved October 3, 2008, provides a declining revenue stream that reverts to a share of actual timber receipts after the four year term of the Bill. The outlook for payments from another major revenue source, the State of Oregon, also projects a decline with the State's FY 2009 - 2011 Budget reflecting significant reductions as a result of the ongoing economic slowdown mentioned above. In addition, the State's FY 2009 – 2011 Budget was balanced with new taxes which have now been referred for voter approval with a no vote sure to produce further reductions, some of which will be passed on to Linn County. A third major revenue source, the County's local option Law Enforcement levy, is stable and is now in its third year of a four year term (started July 1, 2007) with a rate of \$2.34 per thousand.

The County's major source of revenue remains intergovernmental receipts (\$47,818,987; 55.32% of revenue, up 10.99% with most of the increase due to a one time \$3,268,797 State allocation for road improvements), which include Federal Forest Service and Bureau of Land Management Title I, II and III payments (\$12,386,420; 14.33% of revenue, down 7.4%). The fiscal impacts on the County of the severe decline in timber sales continue to be offset by the Federal timber receipts "safety net" laws (currently PL 110-343, Sustainable Forests and Secure Rural Schools and Counties Act of 2010) with payments for four years declining as follows: 2008, 90% of the 2006 payments; 2009, 81% of 2006; 2010, 73% of 2006 and 2011, approximately 41% of 2006. After 2011, the payments revert to a share of actual timber sale receipts.

State-provided funds decreased (\$25,657,910; 29.69% of revenue, down 6.10%) and provided the bulk of the remaining intergovernmental receipts, mostly for health services and jail bed rental. The decrease in State-provided funds relates directly to the reduced State revenues discussed above. The impacts on County property taxes (\$24,961,006; 28.89% of revenue, up 3.41%) from Measure 5 and Measures 47/50 limits continue to constrain this revenue source but those limits have been moderated somewhat by the growth (up 4.78%) in the County's assessed property values and the continued approval of the County's Law Enforcement Levy (four year levy with a rate of \$2.34 per thousand [note that the County's permanent tax rate is \$1.2713 per thousand]). The 2008 Law Enforcement Levy's net amount was reduced by 5.22% (\$898,112) due to Measure 5 limits. Another sector of County revenues, the

Licenses, Permits, Fines & Services category (\$11,237,662; 13.0% of revenue, up 13.86%) continues to grow. Overall, the outlook is, at best, for the County's total revenues to decline slightly over the next few years depending on how State funding combines with the declining Federal Forest payments and future Law Enforcement levy revenues.

On the expense side, the cost of County operations is expected to continue to grow due mainly to increasing personnel costs. These costs have been driven by modest cost-of-living salary increases and significant health benefit premium increases as established by collective bargaining agreements which resulted in an overall FY 2008 – 2009 personnel cost increase of 4.99%. The cost of the County's retirement programs, the Oregon Public Employees Retirement System (PERS) and the Oregon Public Service Retirement Plan (OPSRP), has stabilized in the short-term but, with investment losses, is expected to increase significantly in 2011 while future health insurance costs are a big unknown given the Federal legislation currently being debated.

In sum, given Oregon's tax structure and current statutory and constitutional restrictions, Linn County's General Fund budget will continue to be difficult to balance with the same holding true for the County's total budget. This difficulty has been moderated to a degree by the continued Federal forest revenue stream but that revenue stream will decline over four years. In addition, Oregon's initiative and referendum processes always inject an added element of uncertainty as demonstrated by the tax measures on the ballot for a January 26, 2010 vote to approve or reject - a \$733,000,000 impact on the State's current Budget.

Initiatives, Projects and Significant Activities. Linn County continues its commitment to planning and implementing carefully measured programs and actions focused on effective service delivery, preserving and improving the infrastructure, and minimizing costs through modernization and intergovernmental cooperation. The past year has continued to be active in several areas driven by both internal and external factors.

A new, significant project currently in progress involves the County's major computer software systems supporting Financial/Treasurer and Assessment and Tax operations. A consultant evaluation of the current systems led to the selection of Sungard Public Section to provide a new Financial Applications Software and Services System for the Financial/Treasurer requirements and the selection of software developed by Polk County (ORCATS) for the Assessment and Tax requirements. Both of those systems are currently in the implementation phase.

A major area of activity that has continued is the expansion and improvement of the County's Park system. That expansion has involved the further improvements to River Bend Park (70 acres adjacent the upper South Santiam River on the western slopes of the Cascade Mountains); facility and infrastructure improvements to the newly acquired Clear Lake Resort (lodge, store and cabins on Clear Lake in the Cascades); and continued planning/approval work for the future development of the County's 175 acres tract adjacent Highway 34 and Interstate 5 as a park. Also, programmed road and bridge improvements by the Road Department upgraded 57.46 miles of the County's road system and completed replacement/major repairs to four bridges.

In addition, the voters approved a new Linn County 4-H and Extension Service District which will have a separate taxing authority starting with the 2009 – 2010 tax year and remove the County’s General Fund requirement starting with the FY 2009 -2010 Budget. Labor negotiations with the Teamsters were also conducted during this audit period with agreement reached for a new four year contract.

Cash Management Policies and Practices. Cash temporarily available during the year was invested in certificates of deposit; obligations of the U.S. Treasury or agencies (notes, cubes, bills and strips); or the State Treasurer’s Oregon Local Government Investment Pool. Deposits were either insured by Federal Depository Insurance Corporation or fully collateralized. The average distribution of investment maturities for the year was as follows: 30 days or less – 43.69%; 30 to 90 days – 6.65%; 90 days to 12 months – 39.78% and 12 to 18 months – 9.88%. The average yield on investments for the year was 2.685% compared to an average of 1.665% for the State’s Local Government Investment Pool. The County recorded interest revenues of \$1,053,897 on all County investments in the year ending June 30, 2009. This represents a decrease of \$834,051, down 44.17% from the prior year due to declining interest rates during the fiscal year.

Risk Management. For the fiscal year ending June 30, 2009, insurance coverages were not changed from the prior year with liability and property continuing with City County Insurance Services and workers’ compensation continuing with SAIF Corporation. Excess crime coverage, including faithful performance of duty, continues in the property policy replacing the blanket and two individual bonds and providing broader coverage. The County continues to cover actual and potential unemployment compensation costs with a self-financed internal service fund (Unemployment Insurance Fund, pages 23, 24, 25 and 73). Additional information is included in the Financial Section of this report (page 50) with a schedule of all the County’s insurance coverages included in the Statistical Section of this report (pages 97 and 98).

Pension and Other Post Employment Benefits. Linn County participates in the State of Oregon Public Employees Retirement System (PERS), which includes PERS Tier 1 and 2 and the Oregon Public Service Retirement Plan (OPSRP), which is a statewide multiple-employer pension plan that provides retirement, disability and death benefits to plan members and beneficiaries. The Tier 1 and 2 portion of PERS is a hybrid defined benefit/defined contribution retirement plan which is now “closed” to new employees who instead enter OPSRP, a defined benefit retirement plan. PERS is administered under Oregon Revised Statutes Chapter 238 and 238A by the PERS Board of Trustees. In addition, effective January 1, 2004, both PERS Tier 1 and 2 and OPSRP member employees are required to contribute 6 percent of their salary to an Individual Account Program (IAP), a defined contribution plan, unless the employer has agreed, as Linn County has, to “pick up” the contribution on behalf of the employee. The IAP is also administered by the PERS Board of Trustees.

Every other year, an independent actuary engaged by PERS, calculates the County’s employer rate required to ensure that the County will be able to fully meet its obligation to retired employees on a timely basis. Effective July 1, 2007 through June 30, 2009,

the County's Tier 1 & 2 employer rate was 13.86% of salary, with the OPSRP rates 14.31% for General Service employees and 17.58% for Police. The new PERS Tier 1 & 2 and OPSRP employer rates that will be effective July 1 2009 are as follows: 12.00% (Tier 1 & 2), 10.36% (OPSRP General Service) and 13.07% (OPSRP Police). Overall, the July 1, 2009 rate changes will reduce the County's PERS expense by approximately \$1,600,000 for the 2009 –2011 biennium. The PERS plan was changed significantly by the 2003 Legislative Session specifically to reduce the system's unfunded liability; however, some of the changes had to face a variety of court challenges that are now mostly resolved. However, as mentioned earlier, investment losses have increased the system's unfunded liability which is expected to result in significant rate increases to be announced next year effective July 1, 2011.

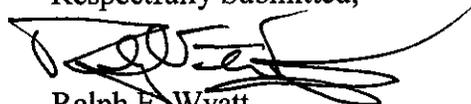
Additional information on Linn County's PERS participation is included in the Financial Section of this report (pages 47, 48 and 49). Linn County has no other County directly funded retirement benefits since the option to continue health insurance benefits, as required by State statute, is fully paid by the retiree (at the same premium rate as active employees).

AWARDS AND ACKNOWLEDGEMENTS

For the nineteenth consecutive year, the GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Linn County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and Local government financial reports and satisfaction of both GAAP and legal requirements. In addition to being awarded the Certificate, Linn County's CAFR was judged to be easily readable and efficiently organized. The Certificate is valid for a period of one year only and, as mentioned earlier, this CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the dedicated services of the Treasurer (who is also the Budget Officer) and the staffs in Accounting, Information Technology Services, Health Department, Road Department, Assessor's Office and certain specific others including the aforementioned independent auditors. Each person contributing to the report has our sincere appreciation for the assistance given in its preparation. Credit must also be given to the Board of Commissioners for their consistent support in maintaining the highest standards of professionalism in the management of Linn County's finances. Overall, the efforts to manage the County's resources and activities wisely and efficiently to best meet the needs of Linn County's citizens have continued, building on past accomplishments while committed to producing future improvements.

Respectfully Submitted,



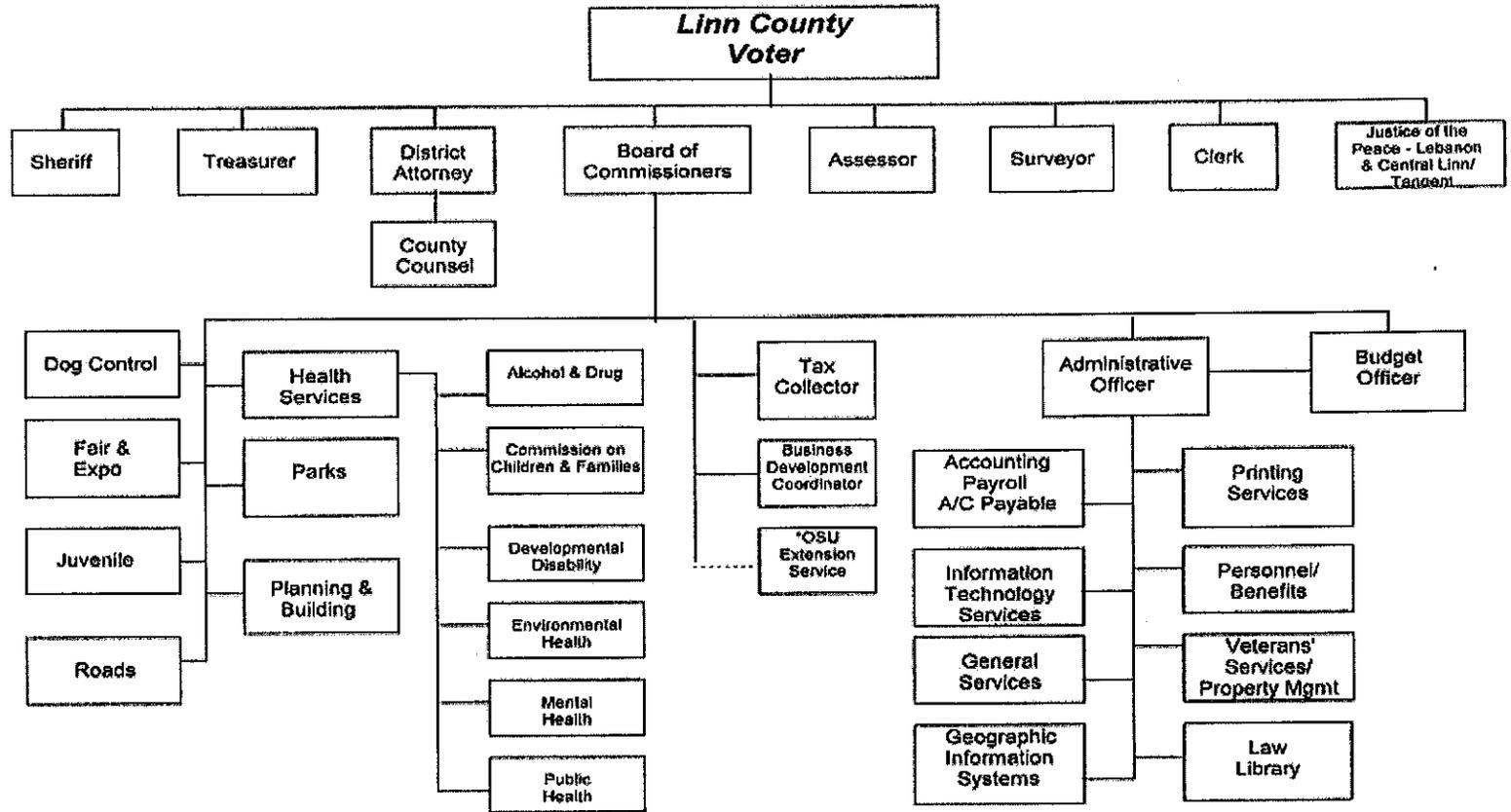
Ralph E. Wyatt
Administrative Officer



David E. Alderman
Accounting Officer



LINN COUNTY, OREGON
Organization Chart



---OSU Extension Service is a branch of OSU with State employees

LINN COUNTY

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Roger Nyquist	Commissioner, Board Chairman	January 2009
John Lindsey	Commissioner	January 2011
Cliff Wooten	Commissioner	January 2009
Mark Noakes	Assessor and Tax Collector	January 2009
Steve Druckenmiller	Clerk	January 2011
Jason Carlile	District Attorney	January 2009
Honorable Jad Lemhouse	Justice of the Peace – Central Linn	January 2009
Tim Mueller	Sheriff	January 2009
Charles Gibbs	Surveyor	January 2009
Michelle Hawkins	Treasurer	January 2009

Administrative Officer

Ralph E. Wyatt

Registered Address

Linn County Courthouse
P.O. Box 100
Albany, Oregon 97321



FINANCIAL SECTION

MERINA & COMPANY, LLP

Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS

JOHN W. MERINA, CPA • KAMALA K. AUSTIN, CPA

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Linn County
Albany, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Linn County, Oregon as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Linn County, Oregon's 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 the 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, each major fund, and the aggregate remaining fund information of Linn County, Oregon, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, General Road, Law, Enforcement 4-Year Levy, and the Health Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2010, on our consideration of Linn County, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and the infrastructure condition and maintenance data for capital assets reported under the modified approach, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Linn County, Oregon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, listed in the Grant Compliance – Single Audit section of the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Linn County, Oregon. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Merina & Company

Merina & Company, LLP

West Linn, OR

January 7, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Linn County, we offer readers of Linn County's financial statements this narrative overview and analysis of the financial activities of Linn County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

Financial Highlights

- The assets of Linn County exceeded its liabilities at the close of the most recent fiscal year by \$213,321,176 (*net assets*). Of this amount, \$42,598,203 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$6,254,923.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$43,412,983 an increase of \$2,780,315 in comparison with the prior year, with 94.99% of this total amount, \$41,237,631 *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the fiscal year, the unreserved fund balance for the general fund was \$(742,976). The negative fund balance is primarily due to the purchase of 175 acres of land and the resulting interfund loan with the Road Fund in the amount of \$1,450,000 in fiscal 2006-2007 and an additional interfund loan with the Road Fund in the current fiscal year for the purchase of a new financial applications software application system for \$860,001. The combined interfund debt is \$1,773,676 at June 30, 2009.
- Linn County's total long-term obligations decreased by \$663,000 during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Linn County's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Linn County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Linn County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Linn County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Linn County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Linn County has no funds considered business type activities. The governmental activities of Linn County include general administration and support, local government services, public safety, health services, community development, and highways and streets.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Linn County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Linn County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Linn County maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, General Roads, Law Enforcement 4-Year Levy, and Health Funds, all of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation under non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Linn County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for all funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 23 of this report.

Proprietary funds. Linn County maintains one type of proprietary fund, an internal *service fund*, an accounting device used to accumulate and allocate costs internally among Linn County's various functions. Linn County uses internal service funds to account for its unemployment related transactions. Because these services predominantly benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Unemployment Fund of Linn County.

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the government. Fiduciary funds are not presented in the government-wide financial statements because the resources of those are not available to support Linn County's own programs.

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Linn County's selection to use the "modified approach" to account for the majority of the infrastructure assets. As a result there is a 5 year planned versus actual road maintenance cost schedule on page 53 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 54 through 72 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Linn County, assets exceeded liabilities by \$213,321,176 at the close of the fiscal year.

By far the largest portion of Linn County's net assets (79.95 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Linn County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Linn County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Linn County's Net Assets

Governmental Activities

	2008	2009
Assets		
Current and other assets	\$ 50,265,724	\$ 53,207,980
Capital assets	167,836,877	171,017,973
Total assets	218,102,601	224,225,953
Liabilities		
Long-term liabilities outstanding	1,348,167	1,444,680
Other liabilities	<u>9,688,181</u>	<u>9,460,097</u>
Total liabilities	<u>11,036,348</u>	<u>10,904,777</u>
Net assets		
Invested in capital assets, net of related debt	166,878,877	170,722,973
Restricted	553,273	-
Unrestricted	<u>39,634,103</u>	<u>42,598,203</u>
Total net assets	<u>\$ 207,066,253</u>	<u>\$ 213,321,176</u>

An additional portion of Linn County's net assets (approximately 1.36 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$42,598,203 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets increased by \$6,254,923 during the current fiscal year. The primary reasons for this increase is increased capital asset expenditures for the County's infrastructure and bridge replacement projects net of related debt by \$5,751,712 and an increase in working capital of \$ 2,780,315.

Governmental activities. Governmental activities increased Linn County's net assets by \$6,254,923. Key elements of this increase are as follows:

Linn County's Changes in Net Assets

Governmental Activities

	2008	2009
Revenues		
Program		
Charges for services	\$ 11,413,079	\$ 11,057,065
Operating grants and contributions	34,830,594	41,017,311
Capital grants and contributions	-	-
General		
Property taxes	24,644,187	25,389,218
Grants and contributions not restricted to specific programs	7,236,021	9,010,147
Other	1,931,673	1,081,772
Total revenues	80,055,554	87,555,513

Linn County's Changes in Net Assets

Governmental Activities (continued)

	2008	2009
Expenses		
General government	\$ 6,025,085	\$ 7,595,073
Public safety	27,627,944	31,132,243
Highways/streets	11,603,346	12,031,796
Local government services	3,389,549	3,564,833
Health services	15,343,638	16,501,898
Community development	6,643,544	7,774,626
Apportionment to school districts	2,851,176	2,675,530
Interest on long-term debt	<u>53,750</u>	<u>24,562</u>
 Total expenses	 <u>73,538,032</u>	 <u>81,300,561</u>
 Increase (decrease) in net assets	 6,517,522	 6,254,923
Net assets - beginning of the year	<u>200,548,731</u>	<u>207,066,253</u>
 Net assets - end of the year	 <u>\$ 207,066,253</u>	 <u>\$ 213,321,176</u>

- Property taxes increased by \$ 745,031 (3.02 percent) during the year, primarily due to the increase in the property tax rate for the new 4 year Law Enforcement Levy from \$2.04 per thousand of assessed value to \$2.34 per thousand, which will continue thru 2010-2011 fiscal year.
- Revenues for operating grants and contributions increased by \$6,186,716 due to a one time grant from the Oregon Department of Transportation of \$3,131,955 for road improvements, as well as increases in the Health Services.
- Overall, expenditures increased by \$7,762,529 or 10.56% from fiscal 2007-08. Public Safety expenditures increased by \$3,504,299 as personnel services continue to increase by 5% annually and additional support from the increased Law Enforcement Levy.

Financial Analysis of the Government's Funds

As noted earlier, Linn County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Linn County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Linn County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, Linn County's governmental funds reported combined ending fund balances of \$43,412,983 an increase of \$2,780,315 in comparison with the prior year. Of this total amount \$41,832,705 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remaining fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service or for a variety of other restricted purposes.

The general fund is the chief operating fund of Linn County. At the end of the current fiscal year, the unreserved fund balance in the general fund was \$(742,976).

Linn County's general fund balance decreased by \$295,628 during the current fiscal year. Key factors in this change are as follows:

- Property tax revenues of the General Fund increased by \$272,013 as a result of the continued growth in the property tax rate which is limited to a 3% each year by State of Oregon law. Licenses, permits, fines and service revenue decreased slightly by \$63,222 due to few recordings in the Clerks office, and a reduced number of building permits being issued by Planning and Building, with the down turn in the housing market. Intergovernmental revenue decreased by \$130,779 from \$9,654,560 in fiscal 2007-08 to \$9,523,781 in 2008-2009. There was also a transfer from the Unemployment Fund to the General Fund in the amount of \$837,400 to meet General Fund budget requirements.
- Expenditures in the General Fund increased overall by \$1,322,230 primarily because of a one time purchase of a new financial applications software system in the amount of \$860,001. Also, the cost of medical insurance continues to increase and rose by approximately 11.6 % County wide during the current fiscal year.

Linn County considers three additional funds to be classified as major funds, the General Road, Law Enforcement 4-Year Levy, and Health Funds. Each of the major funds is presented in separate columns on the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

General Road – Operations of the County Road Department are shown in this fund. Major sources of revenue include federal forest revenues and motor vehicle fees. Expenditures are primarily for road construction and maintenance. The ending fund balance was \$39,741,696 at year end, representing 91.5% of the combined Linn County's ending fund balance. This balance increased by \$3,131,955 during the year primarily as a result of an additional \$3,847,768 in intergovernmental revenues. Oregon Senate Bill 994 appropriated \$50 million dollars from Oregon Department of Transportation funds to the Counties. Linn County received \$ 3.2 million as a one time payment for County road repairs and improvements. The Roads Fund made a \$860,001 loan to the General Fund in 2008-09 which reduced the fund balance.

Law Enforcement 4-Year Levy – A new four year local option property tax measure was approved by voters in November 2006. (Starting in July 2007, with a new rate of \$2.34 per thousand of assessed value) Expenditures are primarily for continuing law enforcement (sheriff, district attorney, and juvenile detention) and jail operations. The ending fund balance deficit of (\$302,838) was reduced by \$414,638 from current operations. Property tax revenues increased by \$643,728 from \$14,719,942 in 2007-08 to \$15,363,670 in 2008-09.

Health – County health related activities are recorded in the Health Fund. Resources of this fund are from various State of Oregon grants, Title XIX, managed care and transfers from the General Fund. Expenditures are for health care activities with the service levels remaining very similar to the previous year with one exception. As mentioned earlier the State of Oregon has changed it's procedures for reimbursing service providers for the developmental disabilities program to a direct method. This change both decreased the health services revenue and expenditure by approximately \$3,000,000. The ending fund balance of \$2,670,981 represents an increase of \$489,652 from the prior year.

Proprietary funds. Linn County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Unemployment Fund at the end of the year amounted to \$211,637. This is a decrease in net assets over last year by \$715,244 primarily due to a the transfer of \$ 837,400 to the General Fund as mentioned earlier.

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$8,956,782 (increase in appropriations) due to unanticipated Federal Forest Title III and O&C monies. The federal government came thru at the last minute to authorize a four year bill to supplement aid to Counties for lost timber revenues as a replacement for the original Federal Forest Title III monies which expired at the end of fiscal 2007-08. This new legislation appropriates monies to counties over the next four years on a reduced sliding scale and will expire in 2012-2013 fiscal year.

Capital Asset and Debt Administration

Capital assets. Linn County's investment in capital assets for its governmental type activities as of June 30, 2009 amounts to \$170,722,973 (net of accumulated depreciation) and include machinery and equipment, park facilities, roads, highways, and bridges. Beginning in fiscal 2002-03 the counties infrastructure assets were added to its capital assets, which increased the total capital assets by \$83,990,910 (net of accumulated depreciation). In fiscal 2003-04 an additional \$840,695 was added, 2004-05 \$4,008,913; 2005-06 \$4,997,537; 2006-07 \$5,114,435; 2007-2008 \$6,545,607 and in the current fiscal year \$3,181,096 was added to capital assets, net of retirements and current year depreciation.

Other major capital asset events during the fiscal year included the following:

- Linn County increased equipment by \$ 1,181,943 primarily for the purchase of patrol vehicles in the Sheriff's Office, and the replacement of road equipment.
- Additional capital expenditures of \$3,006,285 were made for road and bridge improvements during the year.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2008	2009
Land	\$ 16,708,532	\$ 16,756,667
Buildings and improvements, net	36,582,600	36,174,664
Equipment, net	7,887,108	8,374,377
Infrastructure, net	102,358,412	107,145,162
Intangibles	134,079	111,808
Construction in progress	4,166,146	2,455,295
Totals	\$ 167,836,877	\$ 171,017,973

The 2008 Pavement Condition Index (PCI) data indicates a slight drop in overall pavement conditions from the 2004 inspection. The arterials weighted average PCI in 2006 was 81.9, and 78.1 in 2008, a reduction of 3.8. Collectors also declined by 3.6 (2006 =82.7, 2008=79.1) Residential/local declined by 1.2 (2006=80.7, 2008=79.5) The Roads department anticipates the data may be revised once a quality control check is conducted on the 2008 indicators.

The current assessed condition compares very favorable when compared to the Linn County policy of maintaining its road condition level of good to better (PCI of 65 or above) on a weighted average basis.

Additional information on capital assets can be found in the letter of transmittal under "initiatives and projects" on page v, and in the footnotes on pages 41 and 42 of this report.

Long-term debt. At the end of the current fiscal year, Linn County has no long term debt.

Linn County's Outstanding Debt
General Obligation and Notes Payable

Governmental Activities

	2008	2009
General obligation bonds	\$ 565,000	\$ -
Notes	393,000	295,000
Capital lease		
Totals	\$ 958,000	\$ 295,000

During the current fiscal year Linn County's total debt decreased by \$663,000. For additional details see the notes section to the basic financial statements, Note 9 "Long-term Obligation".

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for Linn County is \$149,117,000 which is significantly in excess of Linn County's outstanding general obligation debt.

Economic Factors

- The unemployment rate for Linn County is currently 15.4 percent, which is a increase from a rate of 7.0 percent a year ago. This compares unfavorably to the state's average unemployment rate of 12.1 percent and the national average rate of 9.5 percent. (See the letter of transmittal for additional detail).
- Linn County continues a major down turn in housing development both in new construction, refinancing and home improvements, in the second half of the current fiscal. This trend continues into the first quarter of 2009-2010. The real market value of property which declined during the past year is stabilizing, although this doesn't effect property tax receipts because Oregon law requires taxes to be assessed on the property's assessed value not to exceed an increase of more than 3% a year. In most cases the property assessed value is still lower than the real market value.
- The State's FY 2009-11 Budget reflects an decrease in revenue forecast due to the large number off unemployed workers, lowering the state income tax receipts, which in turn reduces revenue to Linn County for State funded programs.

Requests for Information

This financial report is designed to provide a general overview of Linn County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dave Alderman, Accounting Officer, Linn County, 300 4th Ave, SW, PO Box 100, Albany, OR 97321.

BASIC FINANCIAL STATEMENTS

LINN COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 47,068,074
Receivables, net of allowance for doubtful accounts	2,797,275
Due from other governments	1,419,767
Inventories	1,580,278
Foreclosed properties held for sale	147,604
Investment in joint venture	194,982
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	111,824,580
Other capital assets, net of accumulated depreciation	<u>59,193,393</u>
TOTAL ASSETS	<u>224,225,953</u>
<u>LIABILITIES</u>	
Accounts payable	1,755,013
Due to other governments	28,426
Payroll, payroll taxes, and benefits payable	4,776,171
Claims liability	97,523
Long-term obligations:	
Accumulated compensated absences	2,507,964
Notes	295,000
Due in more than one year:	
Accumulated compensated absences	1,107,083
Post employment health care benefits	<u>337,597</u>
TOTAL LIABILITIES	<u>10,904,777</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	170,722,973
Restricted for:	-
Unrestricted	<u>42,598,203</u>
TOTAL NET ASSETS	<u>\$ 213,321,176</u>

See notes to basic financial statements

LINN COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental activities				
General administration and support	\$ 7,595,073	\$ 1,152,159	\$ 202,322	\$ - \$ (6,240,592)
Local government services	3,564,833	775,630	701,461	- (2,087,742)
Public safety	31,132,243	3,647,446	2,556,433	- (24,928,364)
Health services	16,501,898	1,356,016	13,701,294	- (1,444,588)
Community development	7,774,626	2,790,240	1,835,803	- (3,148,583)
Highways and streets	12,031,796	1,335,574	19,344,468	- 8,648,246
Apportionments to school districts	2,675,530	-	2,675,530	- -
Interest on long-term obligations	24,562	-	-	- (24,562)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 81,300,561	\$ 11,057,065	\$ 41,017,311	\$ - (29,226,185)
General Revenues				
Property taxes levied for:				
General purposes				25,389,218
Grants and contributions not restricted to specific programs				9,010,147
Interest and investment earnings				1,081,772
TOTAL GENERAL REVENUES				35,481,137
CHANGE IN NET ASSETS				6,254,923
NET ASSETS - BEGINNING				207,066,253
NET ASSETS - ENDING				<u>\$ 213,321,176</u>

See notes to basic financial statements

LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	General Road	Law Enforcement 4-Year Levy	Health	Other Governmental Funds	Totals
<u>ASSETS</u>						
Cash and investments	\$ 3,550,109	\$ 36,868,849	\$ 774,422	\$ 3,293,227	\$ 2,264,063	\$ 46,750,670
Receivables, net of allowance for doubtful accounts	789,763	255,014	1,273,472	356,649	120,751	2,795,649
Due from other funds	33,911	-	-	97,490	202,666	334,067
Due from other governments	128,700	726,327	-	432,835	131,905	1,419,767
Advances to other funds	-	1,773,676	-	-	-	1,773,676
Inventories	-	1,580,278	-	-	-	1,580,278
Foreclosed properties held for sale	147,604	-	-	-	-	147,604
Investment in joint venture	-	194,982	-	-	-	194,982
TOTAL ASSETS	<u>\$ 4,650,087</u>	<u>\$ 41,399,126</u>	<u>\$ 2,047,894</u>	<u>\$ 4,180,201</u>	<u>\$ 2,719,385</u>	<u>\$ 54,996,693</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 579,439	\$ 567,639	\$ 96,730	\$ 183,885	\$ 327,320	\$ 1,755,013
Due to other funds	221,794	23,241	38	9,612	97,937	352,622
Advances from other funds	1,773,676	-	-	-	-	1,773,676
Deferred revenue	833,656	550,867	1,200,704	225,711	115,290	2,926,228
Payroll, payroll taxes, and benefits payable	1,984,498	515,683	1,053,260	1,090,012	132,718	4,776,171
TOTAL LIABILITIES	<u>5,393,063</u>	<u>1,657,430</u>	<u>2,350,732</u>	<u>1,509,220</u>	<u>673,265</u>	<u>11,583,710</u>

See notes to basic financial statements

Continued on page 4

BALANCE SHEET**GOVERNMENTAL FUNDS (Continued)**

	General	General Road	Law Enforcement 4-Year Levy	Health	Other Governmental Funds	Totals
<u>FUND BALANCES</u>						
Reserved for:						
Inventories	\$ -	1,580,278	\$ -	\$ -	\$ -	\$ 1,580,278
Unreserved:						
Designated	595,074	-	-	-	-	595,074
Undesignated, reported in:						
General Fund	(1,338,050)	-	-	-	-	(1,338,050)
Special revenue funds	-	38,161,418	(302,838)	2,670,981	2,046,120	42,575,681
TOTAL FUND BALANCES	<u>(742,976)</u>	<u>39,741,696</u>	<u>(302,838)</u>	<u>2,670,981</u>	<u>2,046,120</u>	<u>43,412,983</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,650,087</u>	<u>\$ 41,399,126</u>	<u>\$ 2,047,894</u>	<u>\$ 4,180,201</u>	<u>\$ 2,719,385</u>	<u>\$ 54,996,693</u>

See notes to basic financial statements

LINN COUNTY

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS**

June 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	43,412,983
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Governmental capital assets	\$	198,503,757	
Less accumulated depreciation		<u>(27,485,784)</u>	171,017,973
Less the net book value of retired asset, and construction in process deletions			
Long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes		<u>(295,000)</u>	(295,000)
Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds.			
			(3,615,048)
Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds.			
			(337,597)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.			
			2,926,228
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities.			
			<u>211,637</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>213,321,176</u>	

See notes to basic financial statements

LINN COUNTY

GENERAL FUND

The General fund is used to account for the financial resources of the County that are not accounted for in any other fund.

Principal sources of revenues are Oregon and California land grant proceeds; state and federal revenues; property taxes; local government sources; licenses, permits, fines and services.

Primary expenditures are for general administration, local government services, public safety and community development. Significant operating transfers are made to other funds.

LINN COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
Year Ended June 30, 2009

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes				
Current year's levy	\$ 8,627,339	\$ 8,627,339	\$ 8,743,765	\$ 116,426
Prior years' levies	457,000	457,000	468,701	11,701
Total property taxes	9,084,339	9,084,339	9,212,466	128,127
Intergovernmental				
O & C land grant	2,599,772	2,344,606	2,344,607	1
Payments in lieu of taxes	95,000	95,000	152,327	57,327
State forest land sales	1,795,000	1,795,000	1,120,810	(674,190)
Amusement tax	22,900	22,900	27,248	4,348
Cigarette tax	115,000	115,000	123,249	8,249
Electric co-op tax	146,700	146,700	154,621	7,921
Liquor tax	411,000	411,000	495,121	84,121
Video lottery reimbursement	653,000	653,000	591,591	(61,409)
Private car tax	-	-	3,414	3,414
Assessment and taxation grant	778,000	778,000	701,461	(76,539)
Anti-drug abuse	7,000	7,000	4,340	(2,660)
State Deputy District Attorney payment	7,638	7,638	8,427	789
Sheriff grants	76,500	76,500	55,811	(20,689)
Veterans' officer reimbursement	59,700	59,700	59,423	(277)
State prison revenue-corrections	1,565,850	1,565,850	1,565,850	-
State prisoner allocation-contract criminal	868,492	868,492	894,628	26,136

See notes to basic financial statements

Continued on pages 9-17

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Intergovernmental (continued)				
Juvenile detention contracts	\$ 329,544	\$ 319,999	\$ 320,151	\$ 152
Planning contract with cities	150,000	163,000	91,851	(71,149)
Central Linn Justice Court-City of Harrisburg contract	22,026	22,026	25,356	3,330
Cities and district contract with Sheriff	295,265	295,265	291,921	(3,344)
Emergency 911 contract with Sheriff	669,000	669,000	669,000	-
Cities and Justice courts - fees for jail	120,000	120,000	107,759	(12,241)
Juvenile contract with cities	24,000	28,000	46,200	18,200
Total intergovernmental	10,811,387	10,563,676	9,855,166	(708,510)
Licenses, permits, fines and services				
Commissioners	100	100	-	(100)
Assessment and taxation	106,005	106,005	85,140	(20,865)
Clerk	1,088,499	1,088,499	860,852	(227,647)
Treasurer	1,200	1,200	730	(470)
Surveyor	161,500	170,000	105,626	(64,374)
Veterans Services	200	200	128	(72)
Planning	788,940	852,940	723,517	(129,423)
Justice court - Central Linn	770,105	770,105	696,986	(73,119)
District attorney	26,250	26,250	40,977	14,727
Sheriff				
Corrections	351,972	423,000	382,263	(40,737)
Jail	88,385	96,358	99,707	3,349
Civil	246,500	270,000	279,805	9,805
Criminal	150,000	185,000	79,599	(105,401)
Support	34,500	37,500	18,360	(19,140)
Medical examiner	200	200	600	400
Juvenile and juvenile detention	20,500	12,500	35,141	22,641
Printing	245,000	275,000	316,711	41,711
Parks and recreation	1,511,000	1,611,000	994,075	(616,925)
Historical	39,665	39,665	14,083	(25,582)
Information technology	28,500	28,500	21,405	(7,095)
County Counsel	-	-	47	47
General services	47,000	70,000	56,507	(13,493)
General administration	53,000	53,000	53,402	402
Expo	745,500	751,200	838,555	87,355

See notes to basic financial statements

Continued on pages 10-17

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

REVENUES (Continued)	Budget		Actual	Variance
	Original	Final		
Licenses, permits, fines and services (continued)				
Geographic information system	\$ 16,000	\$ 21,000	\$ 11,506	\$ (9,494)
Non departmental	185,000	225,000	150,680	(74,320)
Sale of equipment	67,700	67,700	37,354	(30,346)
Regence and SAIF settlement	-	-	-	-
Indirect cost reimbursements, net	1,232,856	1,238,100	1,243,128	5,028
Total licenses, permits, fines and services	8,006,077	8,420,022	7,146,884	(1,273,138)
Interest earnings	-	-	-	-
TOTAL REVENUES	27,901,803	28,068,037	26,214,516	(1,853,521)

*See notes to basic financial statements
Continued on pages 11-17*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES				
Commissioners				
Personal services	\$ 379,878	\$ 379,878	\$ 374,510	\$ 5,368
Materials and services	9,750	9,750	9,653	97
		-		
Total Commissioners	389,628	389,628	384,163	5,465
Assessment and Taxation				
Personal services	2,156,571	2,079,485	2,075,822	3,663
Materials and services	136,750	136,750	114,558	22,192
Capital outlay	5	5	-	5
Total Assessment and Taxation	2,293,326	2,216,240	2,190,380	25,860
Clerk				
Personal services	916,041	905,041	896,828	8,213
Materials and services	225,128	225,128	195,508	29,620
Capital outlay	1	1	-	1
Total Clerk	1,141,170	1,130,170	1,092,336	37,834
Treasurer				
Personal services	170,715	160,715	156,010	4,705
Materials and services	10,133	10,133	9,953	180
Total Treasurer	180,848	170,848	165,963	4,885
Surveyor				
Personal services	828,824	779,755	680,036	99,719
Materials and services	44,345	58,792	37,579	21,213
Capital Outlay	1	1	-	1
Total Surveyor	873,170	838,548	717,615	120,933

*See notes to basic financial statements
Continued on pages 12-17*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

EXPENDITURES (Continued)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Justice Court - Central Linn				
Personal services	519,899	521,599	490,723	30,876
Materials and services	72,850	72,850	72,638	212
Capital outlay	5	5	-	5
Total Justice Court - Central Linn	592,754	594,454	563,361	31,093
District Attorney				
Personal services	836,251	771,888	763,003	8,885
Materials and services	38,031	38,031	27,348	10,683
Total District Attorney	874,282	809,919	790,351	19,568
County Counsel				
Personal services	412,382	410,508	408,004	2,504
Materials and services	34,033	27,264	24,620	2,644
Total County Counsel	446,415	437,772	432,624	5,148
Juvenile				
Personal services	1,571,471	1,441,975	1,376,242	65,733
Materials and services	57,744	77,462	36,988	40,474
Total Juvenile Detention	1,629,215	1,519,437	1,413,230	106,207
Planning and Building				
Personal services	1,218,042	1,204,375	1,121,023	83,352
Materials and services	76,700	96,700	61,021	35,679
Capital Outlay	5	5	-	-
Total Planning and Building	1,294,747	1,301,080	1,182,044	119,036
Sheriff - Civil				
Personal services	803,933	803,933	772,617	31,316
Materials and services	36,200	36,200	31,283	4,917
Total Sheriff - Civil	840,133	840,133	803,900	36,233

*See notes to basic financial statements
Continued on pages 13-17*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Sheriff - Criminal				
Personal services	3,504,802	3,439,421	3,321,760	117,661
Materials and services	308,041	633,141	220,322	412,819
Capital Outlay	1	1	-	1
Total Sheriff - Criminal	3,812,844	4,072,563	3,542,082	530,481
Sheriff - Corrections				
Personal services	2,372,193	2,147,843	2,147,830	13
Materials and services	88,060	163,060	96,781	66,279
Total Sheriff - Corrections	2,460,253	2,310,903	2,244,611	66,292
Sheriff - Jail Fees				
Personal services	207,734	215,734	206,861	8,873
Materials and services	624	624	604	20
Total Sheriff - Jail Fees	208,358	216,358	207,465	8,893
Sheriff - Support Services				
Personal services	2,083,580	2,037,534	1,948,395	89,139
Materials and services	598,352	913,422	757,190	156,232
Capital outlay	100,000	52,000	52,000	-
Total Sheriff - Support Services	2,781,932	3,002,956	2,757,585	245,371
Medical Examiner				
Materials and services	36,750	53,750	46,418	7,332

See notes to basic financial statements

Continued on pages 14-17

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Parks and Recreation				
Personal services	900,351	873,851	861,566	12,285
Materials and services	372,040	377,040	377,009	31
Capital outlay	710,000	665,000	59,469	605,531
Total Parks and Recreation	1,982,391	1,915,891	1,298,044	617,847
Historical				
Personal services	25,004	25,004	23,463	1,541
Materials and services	22,405	22,405	22,381	24
Capital outlay	25,000	25,000	-	25,000
Total Historical	72,409	72,409	45,844	26,565
General Administration				
Personal services	668,063	668,063	644,568	23,495
Materials and services	657,944	592,623	441,886	150,737
Capital outlay	1	35,001	35,000	1
Total General Administration	1,326,008	1,295,687	1,121,454	174,233
Information Systems				
Personal services	840,616	799,319	767,913	31,406
Materials and services	126,800	104,929	98,161	6,768
Capital outlay	40,000	81,871	81,538	333
Total Information Systems	1,007,416	986,119	947,612	38,507
Geographic System (GIS)				
Personal services	333,852	334,152	334,085	67
Materials and services	126,400	151,400	108,645	42,755
Capital outlay	1	1	-	1
Total Geographic System (GIS)	460,253	485,553	442,730	42,823

*See notes to basic financial statements
Continued on pages 15-17*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
General Services				
Personal services	991,928	1,025,396	1,012,423	12,973
Materials and services	795,487	724,468	684,347	40,121
Capital outlay	108,108	327,479	290,829	36,650
Total General Services	1,895,523	2,077,343	1,987,599	89,744
Veterans' Services				
Personal services	186,126	195,426	195,391	35
Materials and services	9,911	9,911	4,521	5,390
Total Veterans' Services	196,037	205,337	199,912	5,425
Printing				
Personal services	206,015	216,015	215,748	267
Materials and services	174,135	204,135	186,938	17,197
Total Printing	380,150	420,150	402,686	17,464
Expo				
Personal services	704,861	684,600	683,772	828
Materials and services	433,800	422,700	409,943	12,757
Capital outlay	18,000	65,137	65,137	-
Total Expo	1,156,661	1,172,437	1,158,852	13,585
Non-departmental				
Materials and services	2,083,305	1,577,159	926,158	651,001
Personal services	1	16,001	-	-
Capital outlay	60,000	35,000	35,000	-
Total Non-departmental	2,143,306	1,628,160	961,158	651,001
Contingency	388,135	251,919	-	251,919
TOTAL EXPENDITURES	30,864,114	30,415,764	27,100,019	3,299,744
Excess (deficiency) of revenues over expenditures	(2,962,311)	(2,347,727)	(885,503)	1,446,223

*See notes to basic financial statements
Continued on pages 16 and 17*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

EXPENDITURES (Continued)

	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
General Road/Surveyor parks	167,000	167,000	246,849	79,849
Dist Attorney PC Support	0	0	0	-
Vidio poker / expo	10,700	10,700	10,700	-
Road funds / Corrections	51,000	458,102	458,103	1
Road Fund / Juvenile	60,000	60,000	70,129	10,129
Road Fund / Non Dept.	5,000	10,000	8,105	(1,895)
Road Fund / G.I.S.	860,001	860,001	860,001	-
Road Fund / Information Technology Service	15,000	45,000	15,000	(30,000)
Corner Preservation	1,000	1,000	0	(1,000)
Federal Forest	313,000	306,000	202,817	(103,183)
Transfer from Unemployment	988,216	1,214,007	1,046,131	(167,876)
Transfer from Fair	750,000	927,400	927,400	-
Transfer from Sheriff	11,500	11,500	11,500	-
Transfer from LE Fund	1,800	1,800	1,800	-
Transfer from LE Fund	0	0	0	-
Transfers (to) other funds				
Health	(1,179,416)	(1,111,094)	(1,111,094)	-
County Fair	(45,000)	(45,000)	(45,000)	-
Commisioners	-	(12,500)	(12,500)	-
Expo	(51,000)	(193,841)	(193,841)	-
Information Technology Service	(10,700)	(10,700)	(10,700)	-
Treasurer	-	(12,500)	(12,500)	-
Dog Control	(235,421)	(190,465)	(190,465)	-
Parks	-	(226,762)	(226,762)	-
Unemployment Insurance	-	(90,000)	(90,000)	-
Law Library	(3,500)	(3,556)	(3,556)	-
General Administration	-	(12,500)	(12,500)	-
General Grants	(61,757)	(136,882)	(95,124)	41,758
To roads fund	(336,768)	(336,768)	-	-
Corner Preservation/ clerk	(255,000)	(255,000)	(184,499)	70,501
Properties transfer	(108,518)	(108,518)	(108,518)	-
TOTAL OTHER FINANCING SOURCES (USES)	947,137	1,326,424	1,561,476	(101,716)

See notes to basic financial statements

Continued on page 17

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
Net change in fund balance	\$ (2,015,174)	\$ (1,021,303)	\$ 675,973	\$ 1,697,276
Fund balance at beginning of year	2,015,174	2,129,247	2,077,876	(51,371)
Fund balance at end of year	\$ -	\$ 1,107,944	2,753,849	\$ 1,645,905
Reconciliation to GAAP basis				
Year End Cash Adjustment			340,915	
Fair value adjustment			14,578	
Property taxes receivable and available			103,710	
Due from other governments and available			128,700	
Due from other funds and available			33,911	
Advance from Roads Fund			(1,773,676)	
Accounts payable			(284,379)	
Due to Federal Forest			(53,113)	
Due to other funds			(168,661)	
Payroll, payroll taxes and benefits payable			(1,838,790)	
Fund balance (GAAP basis) - at end of year			\$ (742,956)	

See notes to basic financial statements

LINN COUNTY

MAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

General Road – Operations of the County Road Department are primarily shown in this fund. Major sources of revenue include forestland sales and motor vehicle fees. Expenditures are primarily for road construction and maintenance.

Bridge Replacement – This fund was established to complete improvements to four County bridges. Resources were provided by a grant from the State of Oregon.

Law Enforcement 4-Year Levy – This fund was supported by the second year of a four-year local option property tax levy in annual amount of \$2.34 per \$1,000 taxable value. Expenditures were primarily for continuing law enforcement and jail operations.

Health – County health related activities are recorded in the Health Fund. Resources of this fund are primarily from various grants, Title XIX, managed care and operating transfers from the General Fund. Expenditures are for health care activities.

LINN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
 GENERAL ROAD FUND - MAJOR SPECIAL REVENUE FUND
 Year Ended June 30, 2009

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 5,822,076	\$ 5,822,076	\$ 4,832,484	\$ (989,592)
Federal forest land sales	800,000	6,536,668	6,541,215	4,547
Intergovernmental	5,377,142	5,377,142	5,606,934	229,792
Interest earnings	1,500,000	1,500,000	891,141	(608,859)
Miscellaneous	947,250	947,250	614,963	(332,287)
TOTAL REVENUES	14,446,468	20,183,136	18,486,737	(1,696,399)
EXPENDITURES				
Personal services	5,662,947	5,801,090	5,616,874	184,216
Materials and services	4,510,844	4,585,744	3,890,935	694,809
Capital outlay	7,452,000	7,817,000	5,185,781	2,631,219
Contingency	10,000,000	9,822,000	-	9,822,000
TOTAL EXPENDITURES	27,625,791	28,025,834	14,693,590	13,332,244
Excess (deficiency) of revenues over expenditures	(13,179,323)	(7,842,698)	3,793,147	11,635,845
OTHER FINANCING SOURCES (USES)				
Loan repayments from other funds				
Law Enforcement 4-Year Levy	180,416	180,416	-	(180,416)
General Fund for park	336,768	336,768	-	
General Fund /Surveyor contract	(167,000)	(167,000)	(246,849)	(79,849)
General Fund/Corrections	(60,000)	(60,000)	(70,129)	(10,129)
GIS Contract	(15,000)	(45,000)	(15,000)	30,000
911 Loan	(1,220,707)	(1,220,707)	-	1,220,707
Loan Advance	(860,001)	(860,001)	(860,001)	-
General Fund/Juvenile	(5,000)	(10,000)	(8,105)	1,895
TOTAL OTHER FINANCING SOURCES (USES)	(1,810,524)	(1,845,524)	(1,200,084)	982,208

See notes to basic financial statements
 Continued on page 19

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
 GENERAL ROAD - MAJOR SPECIAL REVENUE FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
Net change in fund balance	\$ (14,989,847)	\$ (9,688,222)	\$ 2,593,063	\$ 12,618,053
Fund balance at beginning of year	<u>34,500,000</u>	<u>34,500,000</u>	<u>34,166,615</u>	<u>(333,385)</u>
Fund balance at end of year	\$ <u>19,510,153</u>	\$ <u>24,811,778</u>	36,759,678	\$ <u>12,284,668</u>
	\$ -			
Reconciliation to GAAP basis:				
Accounts receivable and available			20,842	
Fair value adjustment			109,171	
Due from other governments and available			409,633	
Current portion of interfund loan receivable			455,839	
Investment in fuel facility			194,982	
Inventories			1,580,277	
Accounts payable			(567,639)	
Due to other funds			(23,241)	
Payroll, payroll taxes and benefits payable			<u>(515,683)</u>	
Total current reconciling items			1,664,181	
Long-term portion of interfund loan receivable			<u>1,317,837</u>	
Total all reconciling items			<u>2,982,018</u>	
Fund balance (GAAP basis) at end of year			\$ <u>39,741,696</u>	

See notes to basic financial statements

LINN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LAW ENFORCEMENT 4-YEAR LEVY - MAJOR SPECIAL REVENUE FUND
Year Ended June 30, 2009**

REVENUES	Original Budget	Final Budget	Actual	Variance
Property taxes:				
Current year's levy	\$ 15,316,475	\$ 15,316,475	\$ 15,160,734	\$ (155,741)
Prior year's levy	<u>165,000</u>	<u>165,000</u>	<u>184,672</u>	<u>19,672</u>
Total property taxes	15,481,475	15,481,475	15,345,406	(136,069)
CAFTA Funding	-	-	15,634	
Interest earnings	25,000	25,000	45,428	20,428
Grants	<u>508,000</u>	<u>508,000</u>	<u>-</u>	<u>(508,000)</u>
TOTAL REVENUES	<u>16,014,475</u>	<u>16,014,475</u>	<u>15,406,468</u>	<u>(608,007)</u>
EXPENDITURES				
Personal services	12,252,276	12,271,471	11,973,138	298,333
Materials and services	3,283,294	3,037,582	2,776,239	261,343
Capital outlay	2,067,300	2,067,300	391,647	1,675,653
Contingency	<u>185,097</u>	<u>185,097</u>	<u>-</u>	<u>185,097</u>
TOTAL EXPENDITURES	<u>17,787,967</u>	<u>17,561,450</u>	<u>15,141,024</u>	<u>2,420,426</u>
Excess (deficiency) of revenues over expenditures	<u>(1,773,492)</u>	<u>(1,546,975)</u>	<u>265,444</u>	<u>1,812,419</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Road Fund	1,220,707	1,220,707	-	
Transfer to General Fund	(1,800)	(1,800)	(1,800)	
Loan repayment to General Road Fund	<u>(180,416)</u>	<u>(180,416)</u>	<u>-</u>	<u>180,416</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,038,491</u>	<u>1,038,491</u>	<u>(1,800)</u>	<u>180,416</u>
Net change in fund balance	(735,001)	(508,484)	263,644	1,992,835
Fund balance at beginning of year	<u>735,001</u>	<u>508,484</u>	<u>508,485</u>	<u>1</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>772,129</u>	<u>\$ 1,992,836</u>
Reconciliation to GAAP basis:				
Property taxes receivable and available			72,768	
Fair value adjustment			2,293	
Accounts payable			(96,730)	
Due to other funds			(38)	
Payroll, payroll taxes and benefits payable			<u>(1,053,260)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ (302,838)</u>	

See notes to basic financial statements

LINN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HEALTH - MAJOR SPECIAL REVENUE FUND
Year Ended June 30, 2009**

REVENUES	Budget		Actual	Variance
	Original	Final		
Health administration:				
Grants	\$ 380,530	\$ 400,530	\$ 453,941	\$ 53,411
Donations/Gifts	-	-	7,250	
Indirect Cost Reimbursements	15,861	14,751	14,751	
Mental - emotional disturbances:				
Grants	1,850,221	2,801,532	2,289,108	(512,424)
Group home room and board	27,084	27,084	19,246	(7,838)
Title XIX	131,150	131,150	396,121	264,971
Contracts	104,358	104,358	104,081	(277)
Managed care	3,976,280	4,013,338	5,119,039	1,105,701
Reimbursements and charges	367,503	367,503	324,659	(42,844)
Earnings on deposits	65,500	65,500	53,168	(12,332)
Miscellaneous fees	39,364	39,364	33,911	(5,453)
Developmental disabilities:				
Grants	1,444,807	1,825,846	1,902,541	76,695
Miscellaneous fees	-	-	700	700
Earnings on deposits	19,495	19,495	13,904	(5,591)
Alcohol and drug:				
Grants	1,770,212	1,909,349	1,708,018	(201,331)
Beer and wine tax	76,171	76,171	107,402	31,231
Title XIX	28,066	28,066	64,964	36,898
Managed care	262,466	336,075	415,164	79,089
Reimbursements and contracts	137,815	137,815	166,576	28,761
Miscellaneous fees	39,489	39,489	30,898	(8,591)
Earnings on deposits	1,449	1,449	1,176	(273)
Public health:				
Grants	1,263,540	1,534,411	1,384,860	(149,551)
Medicaid administration	147,000	162,000	152,857	(9,143)
Title XIX	149,838	185,757	179,400	(6,357)
Family-PEP	425,500	425,500	394,694	(30,806)
Miscellaneous fees	125,293	161,293	123,106	(38,187)
Reimbursements	208,625	208,597	204,039	(4,588)
Donations/Gifts	-	-	1,000	
Earnings on deposits	7,126	7,126	4,354	(2,772)
Environmental health:				
Grants	55,261	55,261	33,930	(21,331)
Reimbursements	59,055	54,921	54,921	
Licenses and permits	379,001	394,001	348,468	(45,533)
Miscellaneous fees	249,700	264,700	275,763	11,063
Earnings on deposits	10,118	10,118	2,686	(7,432)
TOTAL REVENUES	13,817,878	15,802,550	16,386,696	575,896

*See notes to basic financial statements
Continued on page 22*

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HEALTH - MAJOR SPECIAL REVENUE FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES				
Personal services	\$ 13,003,139	\$ 13,558,201	\$ 12,403,471	\$ 1,154,730
Materials and services	3,386,952	4,772,374	3,729,473	1,042,901
Capital outlay	20,012	12	-	12
TOTAL EXPENDITURES (1)	16,410,103	18,330,587	16,132,944	2,197,643
Excess (deficiency) of revenues over expenditures	(2,592,225)	(2,528,037)	253,752	2,781,789
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,179,416	1,111,094	1,111,094	-
Transfers out	(801,040)	(801,040)	(801,040)	
Net change in fund balance	(2,213,849)	(2,217,983)	563,806	2,781,789
Fund balance at beginning of year	2,213,849	2,217,983	2,720,539	502,556
Fund balance at end of year	\$ -	\$ -	3,284,345	\$ 3,284,345
Reconciliation to GAAP basis:				
Accounts receivable (net)			130,939	
Fair market value and cash adjustment			8,882	
Due from other governments and available			432,835	
Due from other funds and available			97,490	
Accounts payable			(183,885)	
Due to other funds			(9,613)	
Payroll, payroll taxes and benefits payable			(1,090,012)	
Fund balance (GAAP basis) at end of year			\$ 2,670,981	
(1) Summary of Expenditures by Program				
Health administration	\$ 433,606	\$ 491,037	\$ 469,391	\$ 21,646
Mental - emotional disturbances	7,515,019	8,503,388	7,416,556	1,086,832
Developmental disabilities	1,804,330	2,185,342	1,706,097	479,245
Alcohol and drug	2,637,282	2,827,531	2,522,186	305,345
Public health	3,304,448	3,577,865	3,309,437	268,428
Environmental health	715,418	743,424	709,277	36,147
TOTAL EXPENDITURES BY PROGRAM	\$ 16,410,103	\$ 18,330,587	\$ 16,132,944	\$ 2,197,643
	\$ 16,410,103	\$ 18,330,587	\$ 16,132,944	

See notes to basic financial statements

LINN COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>ASSETS</u>	
Cash and investments	\$ 317,404
Interest Receivables	1,626
Due from other funds	<u>18,556</u>
TOTAL ASSETS	<u>337,586</u>
<u>LIABILITIES</u>	
Due to other governments	28,426
Claims liability	<u>97,523</u>
TOTAL LIABILITIES	<u>125,949</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 211,637</u>

LINN COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2009**

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Reimbursements	\$ 221,205
OPERATING EXPENSES	
Insurance claims	112,837
Operating income	108,368
NONOPERATING REVENUES	
Interest earnings	13,788
Other financing sources (uses)	
Transfer to General fund	(837,400)
Change in net assets	(715,244)
Total net assets - beginning of year	926,881
Total net assets - end of year	\$ 211,637

See notes to basic financial statements

LINN COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

	Governmental Activities
	Internal Service
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 225,038
Cash paid for insurance claims	(136,000)
	89,038
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	13,788
Transfer to the general fund	(837,400)
	(734,574)
Net increase in cash and cash equivalents	(734,574)
Cash and cash equivalents - beginning of year	1,051,978
	317,404
Cash and cash equivalents - end of year	\$ 317,404
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 108,368
Decrease (increase) in accounts receivable	3,833
Decrease (increase) in due from other funds	-
Increase (decrease) in due to other government	15,758
Increase (decrease) in claims liability	(38,921)
	89,038
Net cash provided by operating activities	\$ 89,038

LINN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2009

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 2,824,095
Receivables	8,361,427
Due from other governments	<u>65,392</u>
 TOTAL ASSETS	 <u>\$ 11,250,914</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 24,930
Due to other governments	1,000,563
Amounts held in trust	<u>10,225,421</u>
 TOTAL LIABILITIES	 <u>\$ 11,250,914</u>

See notes to basic financial statements

**NOTES TO BASIC
FINANCIAL STATEMENTS**

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2009

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LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of **LINN COUNTY** have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Organization

LINN COUNTY was formed under the predecessor chapter to ORS 202 in 1847. Its boundaries are established by ORS 201.220. The County's budgeting and accountability for fiscal matters is directed by a Board of County Commissioners consisting of three independently elected members. Eight other elected officials manage various other public service areas.

B. Reporting Entity

The accompanying basic financial statements present all activities funds and component units for which the County is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criterion, the County is a primary government with no includable component units.

C. 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 the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. Measurement Focus, basis of accounting and financial statement 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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 the functions of the County, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, basis of accounting and financial statement presentation (continued)

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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, 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 for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, basis of accounting and financial statement presentation (continued)

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The County reports the following major governmental funds:

General
General Road
Law Enforcement 4-Year Levy
Health

Additionally, the County reports the following fund types:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Proprietary fund accounts for the operations of predominantly self-supporting activities. Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Linn County has a self insured unemployment fund classified and reported as an internal service fund.

Fiduciary funds account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund, which in Linn County include a regional fueling facility, justice courts and various other receipts held by the County Treasurer's Office.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budget

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The cash basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the (personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement) levels for all funds except the General Fund and the General Grants Fund budgetary controls are established at the department level.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The Board of Commissioners must authorize all appropriation transfers and supplementary budgetary appropriations.

F. Investments

Investments included in cash and investments are reported at fair value. The County invests in the State of Oregon Local Government Investment Pool, certificates of deposit, United States Government securities held under repurchase agreements, and other government investments authorized by Oregon Revised Statutes. The Local Government Investment Pool is not registered with the Securities and Exchange Commission as an investment organization. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The County maintains depository insurance under federal depository insurance funds and state and financial institution collateral pools for its deposits with financial institutions.

For purposes of the combined statement of cash flows, the Internal Service Fund considers its cash and investments as cash and cash equivalents. This is in conformity with Statement No. 9 of the Governmental Accounting Standards Board which states that deposits in cash management pools that have the general characteristics of demand deposit accounts are appropriately classified as cash.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Receivables

Property taxes receivable in the Governmental Funds, which have been collected within 60 days of year end, are considered measurable and available, and are recognized as revenues in the funds. All other property taxes receivable in the Governmental Funds are offset by deferred revenues and have not been recorded as revenues. Property taxes receivable in the Agency Fund are offset by a liability account entitled "Amounts held in trust."

Accounts receivable in Governmental Funds are recorded as revenue as they become measurable and available. An allowance for doubtful accounts pertaining to estimated uncollectible health and mental health fees has been recorded.

Receivables for federal and state grants, and state shared revenues are entered in the Governmental Funds as "Due from other governments." These receivables are recorded as revenue in all fund types as they become measurable and available.

Loans receivable in the Special Revenue Funds consist primarily of regional strategy loans and rehabilitation loans, net of an allowance for doubtful loans, which are also offset by a deferred revenue account. Loans receivable will be recognized as revenue as they become measurable and available.

Assessments receivable pertain to improvements benefiting specific property owners. These receivables are offset by a deferred revenue account and are recognized as revenue as they become measurable and available.

H. Interfund loans

Lending and borrowing arrangements between funds, which are outstanding at the end of the year, are presented as either "interfund receivables/payables" for the current portion or "advances to/from other funds" for the non-current portion of the interfund loan. All other outstanding balances between funds are reported as due to/from other funds. Advances to other funds are offset by a reservation of fund equity to indicate that they are not available financial resources.

I. Inventories

Inventories consist of materials and supplies used for road repairs in the General Road Fund. Inventories are valued at average cost. The County uses the consumption method of accounting for these inventories, whereby inventories are charged as expenditures when used.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Foreclosed Properties Held for Sale

These properties are valued at the amount of property taxes owing upon acquisition, and are continually offered for sale at which time revenues are recognized. The inventory of foreclosed properties held for sale is offset by deferred revenue.

K. Capital Assets

Capital assets, which include property, equipment, infrastructure assets (e.g., roads, bridges, and right of ways), and their improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least three years. 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 County has elected to use the modified approach to present infrastructure relating to paved roads. Under the modified approach, assets are capitalized but not depreciated. In lieu of calculating depreciation, a condition assessment of the eligible assets must be presented listing planned versus actual maintenance and details of the basis of assessment and the level of condition at which the County intends to preserve the eligible assets. All other infrastructure assets are being depreciated.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the County are depreciated after reducing the capitalized cost by the estimated salvage value, if any, using the straight-line method over the following estimated useful lives:

• Motor vehicles	3 - 10 years
• Equipment, including software	5 - 30 years
• Buildings	39 - 50 years
• Buildings improvements	50 years
• Public domain infrastructure	25 - 50 years

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in the statement of activities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Investment in Joint Venture

The County reports its vested pro-rata share of the June 30, 2009 Net Assets of the Linn Regional Fueling Facility (a jointly governed organization) as investment in joint venture. See also Note 17.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

N. Leases

Leases which meet certain criteria established by the Financial Accounting Standards Board are classified as capital leases and are recorded in the Statement of Net Assets. Leases which do not meet criteria of a capital lease are classified as operating leases.

O. Compensated Absences

Accumulated vacation is accrued when incurred in the government-wide and proprietary fund statements. Sick leave, which does not vest, is recorded when leave is taken. All of the County's major and minor funds that have accrued payroll, periodically liquidated the compensated absences liability.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Restricted net assets represent net assets restricted by parties outside of the County (such as creditors, grantors, contributors, laws, and regulations of other governments). All other net assets are considered unrestricted.

Q. Property Tax Calendar

Property taxes become an enforceable lien on July 1 for real property and personal property. Taxes are levied on July 1 and are payable on November 15 with 3 percent discount, or without discount in installments on November 15, February 15, and May 15. The County levies, collects and distributes property taxes for the taxing jurisdictions within its boundaries. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens.

2. DEPOSITS AND INVESTMENTS

The County maintains a pool of cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as "Cash and investments." Additionally, several funds hold separate cash and investment accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement NO. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares. For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid department instruments purchased with a maturity of three months or less.

Credit risk: Oregon statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2009, the County had the following investments:

	<u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	N/A	\$5,350,930
U.S. Government Agencies			
Federal Home Loan Bank	AAA	9/3/09-2/01/10	5,527,532
Federal Home Loan Mortgage Corporation	AAA	5/17/10-10/13/10	3,138,237
Federal National Mortgage Association	AAA	9/1/2009-2/10/10	2,022,233
Corporate note	AA1	1/15/2010-10-26-2010	1,992,284
Corporate note	AA3	7/29/2010	2,040,919
Corporate note	A1	1/51/2010	1,011,648
Corporate note	AA2	12/15/2009	2,018,628
Corporate Bonds	A2	6/4/2010-12/1/2010	3,410,795
Corporate note	AA2	12/15/2009	958,740
General Electric Capital Corporation	AA2	5/9/2009	1,015,054
Bank of America Capital Corporation	AAA	2/15/2009	1,001,900
Certificate of deposits		4/28/2010	14,734,564
Total			<u>\$44,223,464</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Interest Rate Risk: The County does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates. The county's policy to manage its exposure to fair-value losses arising from increases in interest rates is in compliance with Oregon Revised Statutes.

Concentration of Credit Risk: The County does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 18.14 % of the County's investments are in the State Treasurer's Investment Pool. The County's policy does not allow for an investment with any one issuer that is in excess of 25% of the County's total investments.

Custodial Credit Risk-Investments: This is the risk that, in the event of the failure of counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. Investments of \$ 44,223,464 have custodial credit risk because the related securities are uninsured, unregistered and held by the County's brokerage firm, which is the counterparty to those securities. The County's investment policy does not limit the amount of investments that can be held by counterparties.

Custodial Credit Risk-Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. Bank depositors, which are part of a shared liability pool, are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the type of collateral that are acceptable. Oregon Revised Statutes require the depository institution to pledge collateral against any public funds deposits in excess of deposit insurance amounts. Depositories are required to pledge collateral valued from 10% to 110% of their quarter-end public fund deposits. The County's total bank balance, at June 30, 2009, shown on the bank statements was \$6,364,798. Of these deposits, \$1,623,884 was covered by federal depository insurance. The remaining balance of \$ 4,740,914 was uninsured, but collateralized with securities held by the pledging financial institution's agent, but not in the government's name. This County's deposits are in compliance with state statutes.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

A. The County's deposits and investments at June 30, 2009, are as follows:

Cash on hand	\$ 31,487
Deposits with financial institutions	
Checking and saving accounts	5,637,218
Certificates of Deposit	14,734,564
Investments	<u>29,488,900</u>
Total cash and investments – all funds	<u>\$ 49,892,169</u>

B. Cash and Investments by fund:

Governmental activities

Governmental funds

General	\$ 3,550,109
General Road	36,868,849
Law Enforcement 4-Year Levy	774,422
Health	3,293,227
Other governmental funds	<u>2,264,063</u>

Total governmental funds 46,750,670

Proprietary fund

Internal Service	<u>317,404</u>
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Total governmental activities 47,068,074

Fiduciary fund

Agency	<u>2,824,095</u>
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Total cash and investments \$ 49,892,169

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

	General	General Road	Enforcement 4-Year Levy	Health	Governmental Funds	Internal Service	Agency	Totals
Property taxes	\$ 773,420	\$ -	\$ 1,269,505	\$ -	\$ -	\$ -	\$ -	\$ 2,042,925
Accounts	-	20,841	-	766,917	14,288	-	-	802,046
Interest	16,343	188,872	3,967	16,841	5,708	1,626	-	233,357
Contracts and loans	-	-	-	-	100,755	-	-	100,755
Assessments	-	45,301	-	-	-	-	-	45,301
Gross receivables	789,763	255,014	1,273,472	783,758	120,751	1,626	-	3,224,384
Less allowance for uncollectible	-	-	-	(427,109)	-	-	-	(427,109)
Receivables, net	<u>\$ 789,763</u>	<u>\$ 255,014</u>	<u>\$ 1,273,472</u>	<u>\$ 356,649</u>	<u>\$ 120,751</u>	<u>\$ 1,626</u>	<u>\$ -</u>	<u>\$ 2,797,275</u>

4. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 33,911	\$ 221,133
General Road	--	23,241
Law Enforcement 4-Year Levy	--	38
Health	97,490	9,613
Other governmental funds	202,665	97,936
Internal service	<u>18,556</u>	<u>--</u>
	<u>\$ 352,622</u>	<u>\$ 352,622</u>

The interfund balances between the General Fund and the other County funds are primarily a result of the centralized purchasing, printing and mailing departments within the General Fund which bills the other funds for materials and services supplied on their behalf. The Health Services Fund has an interfund payable to the Properties Fund which pays for two notes related to the Health Services Building. In addition, information technology is centralized in the General Fund and bills all other funds for services provided.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. INTERFUND LOANS

The General Road Fund made an interfund loan to the Law Enforcement 4-Year Levy Fund in the amount of \$2,728,500 to fund the County Jail Repair project which was paid in full during the fiscal year. The General Road Fund made an additional interfund loan to the Law Enforcement 4-Year Levy in the amount of \$700,000. Interest of \$2,192 was paid during the fiscal year ended June 30, 2009, and the loan principal payment of \$178,222 completed the loan obligation. The General Road Fund made an interfund loan to the General Fund in the amount of \$1,450,000 on June 19, 2007 for the purchase of land. This loan will be repaid over a five-year period. During the year \$61,809 of interest was paid to the Road Fund. In addition, the general fund made a \$860,001 interfund loan with the Road Fund for the purchase of a new financial applications software and reporting system. The loan will be repaid over a 5 year period. The combined balance of the interfund loans is \$1,773,676 as of June 30, 2009.

6. INTERFUND TRANSFERS

Interfund transfers used to pay for administrative services by the general fund, and to reallocate financial resources to funds where they will be expended were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 3,805,401	\$ 2,260,758
General Road	-	1,200,084
LE Fund	-	1,800
Health	1,111,094	801,040
Other Governmental Funds	630,336	1,283,149
	<u>\$ 5,546,831</u>	<u>\$ 5,546,831</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

	Balances June 30, 2008	Additions	Deletions	Balances June 30, 2009
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 16,708,532	\$ 48,135	\$ -	\$ 16,756,667
Infrastructure	90,491,984	2,120,634	-	92,612,618
Construction in progress	4,166,146	1,488,641	3,199,492	2,455,295
Total capital assets not being depreciated	<u>111,366,662</u>	<u>3,657,410</u>	<u>3,199,492</u>	<u>111,824,580</u>
Capital assets being depreciated				
Buildings and improvements	44,656,432	317,082	-	44,973,514
Intangibles	377,021	-	-	377,021
Equipment	19,780,838	2,098,891	916,948	20,962,781
Infrastructure	17,359,576	3,006,285	-	20,365,861
Total capital assets being depreciated	<u>82,173,867</u>	<u>5,422,258</u>	<u>916,948</u>	<u>86,679,177</u>
Less accumulated depreciation for:				
Buildings and improvements	8,073,832	725,018	-	8,798,850
Intangibles	242,942	22,271	-	265,213
Equipment	11,893,730	1,483,158	788,484	12,588,404
Infrastructure	5,493,148	340,169	-	5,833,317
Total accumulated depreciation	<u>25,703,652</u>	<u>2,570,616</u>	<u>788,484</u>	<u>27,485,784</u>
Total capital assets, being depreciated, net	<u>56,470,215</u>	<u>2,851,642</u>	<u>128,464</u>	<u>59,193,393</u>
Governmental activities capital assets, net	<u>\$ 167,836,877</u>	<u>\$ 6,509,052</u>	<u>\$ 3,327,956</u>	<u>\$ 171,017,973</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General administration and support	\$ 250,600
Local government services	31,922
Public safety	1,051,277
Health services	55,979
Community development	372,988
Highways and streets	<u>807,850</u>
 Total depreciation expense – governmental activities	 <u>\$ 2,570,616</u>

8. DUE TO OTHER GOVERNMENTS

Amounts due to other governments consist of the following at June 30, 2009:

	Health	Other Governmental Funds	Internal Service	Totals
State of Oregon	\$ -	\$ -	\$ 28,426	\$ 28,426
Local governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,426</u>	<u>\$ 28,426</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

During the year ended June 30, 2009, the following changes occurred with long-term obligations:

	Balances June 30, 2008	Additions	Reductions	Balances June 30, 2009	Balances Due Within One Year
Accumulated compensated absences	\$3,407,075	\$3,615,047	\$3,407,075	\$3,615,047	\$2,507,964
Notes	393,000	-	98,000	295,000	295,000
General obligation bonds	565,000	-	565,000	-	-
Totals	\$ 4,365,075	\$ 3,615,047	\$ 4,070,075	\$ 3,910,047	\$ 2,802,964

A. Capital and operating Leases

The County is also committed under various operating leases, primarily pertaining to equipment and office space.. Lease payments for the year ended June 30, 2009, were \$294,455. Future minimum lease payments for the non cancelable leases are as follows.

Year ending June 30,	
2010	\$ 235,564
2011	176,673
2012	117,782
2013	58,891
2014	44,760
Total	\$ 633,670

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

B. Notes (continued)

ii. On June 28, 2000, the County borrowed \$1,200,000 from Bank of America at an interest rate of 5.8%, to acquire and remodel a building to provide space in Albany, Oregon for disability mental health, development disabilities, and alcohol and drug treatment services. This loan balance is due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2009-10	<u>295,000</u>	<u>8,700</u>
Totals	<u>\$ 295,000</u>	<u>\$ 8,700</u>

C. General Obligation Bonds

The full faith and credit of the County is pledged for general obligation bonds. Funds for retirement of these bonds are primarily provided by property taxes. The interest rate on the general obligation bonds is 2.5%.

During the year ended June 30, 2009, bond and bond interest transactions were as follows:

	<u>Bonds Outstanding July 1, 2008</u>	<u>Bonds Matured and Paid</u>		<u>Outstanding June 30, 2009</u>
		<u>Principal</u>	<u>Interest</u>	
General Obligation Refunding Bonds – Series 2003	<u>\$ 565,000</u>	<u>\$ 565,000</u>	<u>\$ 7,063</u>	<u>\$ 0</u>

During 2003, the County advance refunded a general obligation bond issue with a general obligation refunding. The County issued \$2,580,000 of general obligation refunding bonds to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the County’s financial statements. As of June 30, 2009, all General Obligation Bonds have been paid in full.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. CONDUIT DEBT

The County has elected to follow Interpretation No. 2 of the Governmental Accounting Standards Board, "Disclosure of Conduit Debt Obligations," which allows for footnote disclosure of conduit debt obligations without presenting a liability, or related asset, on the balance sheet.

The County has a conduit debt obligation involving a guarantor agreement dated September 10, 1997, amounting to \$1,990,000 pertaining to the Oregon Cascades West Council of Governments (OCWCOG). The County guaranteed an obligation of OCWCOG under an installment purchase agreement in exchange for a lease by OCWCOG in favor of the County and a second mortgage to the County.

This conduit debt obligation at June 30, 2009, amounts to \$1,150,000. A principal reduction of \$95,000 and interest payments totaling \$68,462 were paid in 2008-09 by OCWCOG. The County has no obligation for the debt beyond resources provided by related leases/loans, and subject to annual appropriation in the event of failure of OCWCOG to pay. The debt will be retired in September 2017.

11. POSTEMPLOYMENT HEALTHCARE BENEFIT:

The County implemented Governmental Accounting Standards Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, in the current fiscal year. To comply with GASB 45, the County must account for other postemployment benefits (OPEB) using the accrual basis of accounting rather than a pay-as-you-go basis. Under accrual accounting, a liability must be recognized when employees earn OPEB rather than when the benefits are paid. To determine OPEB liabilities, the County must obtain an actuarial valuation every two years.

Benefit Description - Until they become eligible for Medicare, the County allows retirees to continue health insurance coverage for themselves and their qualified dependents at the same rates as active employees, as required by ORS 243.303. Retirees must pay the entire premium in order to maintain coverage; the County does not directly contribute to the cost of premiums for retirees. However, premiums paid by retirees do not represent the full cost of providing health insurance to retirees because the County's rates are determined based on claims experience for both active employees and retirees. Since retirees typically have higher medical claims than active employees, medical coverage would be more expensive for retirees in a separately rated health plan. Conversely, active employees would be expected to generate lower medical claims resulting in lower premiums. The additional cost of allowing retirees to purchase health insurance at a blended rate is called an implicit rate subsidy and is required to be valued under GASB 45. The County treats this implicit rate subsidy as a single-employer, defined benefit OPEB plan administered by the County only to satisfy the accounting and financial reporting requirements of GASB 45, and a separate financial report is not issued. In addition to the requirements imposed by ORS 243.303, benefits provided to employees and retirees are established and may be amended by the County's board of commissioners in conjunction with various collective bargaining agreements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. POSTEMPLOYMENT HEALTHCARE BENEFIT: (Continued):

Funding Policy- Retirees pay the entire cost of the premium at blended rates. The County's only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis. Contribution requirements are established and may be amended by the County's board of commissioners in conjunction with various collective bargaining agreements.

Annual OPEB Cost and Net OPEB Obligation- The County's annual OPEB cost is calculated based on the annual required contribution (ARC) determined by the actuary. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year ended June 30, 2009 the annual OPEB cost was equal to the ARC of \$429,742, and the County's contributions were equal to the implicit rate subsidy of \$92,145. The County's net OPEB obligation as of June 30, 2009 was \$337,597. (annual OPEB cost less contributions made).

Funded Status and Funding Progress- As of July 1, 2008, the most recent actuarial valuation date, the actuarially accrued liability was \$3,614,984, all of which is unfunded because the County has not set aside any assets to pre-fund OPEB resulting from the implicit rate subsidy. The annual payroll of active employees covered by the County's healthcare plan was \$31,569,264, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 11.45%. Since the County implemented GASB 45 in the current year, the multi-year schedule of funding progress, normally presented as required supplementary information, has been omitted.

Actuarial Methods and Assumptions- Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on types of benefits provided at the time of valuation and the pattern of cost-sharing between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective, including techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the July 1, 2008 actuarial valuation, the actuary used the projected unit credit actuarial cost method. Actuarial assumptions included a discount rate of 4%, projected salary increases of 3.0 % per year, and a healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after twelve years. The UAAL is being amortized over an open period of 30 years as a level percentage.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. FUND BALANCES – UNRESERVED, DESIGNATED

Unreserved fund balances at June 30, 2009 have been designated by the Board of County Commissioners as follows:

General Fund	
For beginning 2008-09 cash balances appropriated to specific departments	<u>\$ 595,074</u>

13. RETIREMENT PLAN

Plan Description

Linn County participates in the State of Oregon Public Employees' Retirement System (PERS), an agent multiple-employer pension plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Linn County also participates in the Oregon Public Service Retirement Plan (OPSRP), an agent multiple-employer hybrid pension plan. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003 became members of the IAP of OPSRP. These members retain their existing PERS account; however any future member contributions are placed in the OPSRP IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238 and 238A. The systems are statewide defined benefit retirement plans for units of state government, political subdivisions, community colleges, and school districts. Participation by state government units, school districts, and community colleges is mandatory. Participation by most political subdivisions is optional but irrevocable if elected. A stand-alone financial report is not available for the County. However, the State of Oregon Public Employees' Retirement System issues a financial report available to the public that includes financial statements and supplementary information.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLAN (continued)

Funding Policy

PERS members are required to contribute 6 percent of their annual covered salary with the County paying the contribution on behalf of the employees. The County is required to contribute at an actuarially determined rate. For employees hired before August 29, 2003, the county's contribution rate is 13.86 percent during current fiscal year. For employees hired on or after August 29, 2003, the county's contribution rate is 14.31 percent for general service employees and 17.58 percent for police and fire employees of covered compensation. The 2007-08, 2008-2009 rates were based on a December 31, 2005 actuarial valuation. The contribution requirements of plan members and the County are established and may be amended by the Public Employees' Retirement Board. The 2003 Oregon Legislature passed laws revising the Oregon Public Employees' Retirement Plan (PERS) making the existing PERS plan a closed plan effective August 28, 2003 meaning no employees will be added after that date. The legislature established the Oregon Public Service Retirement Plan (OPSRP) for all employees hired on or after August 29, 2003.

Annual Pension Cost

For 2008-09, the County's annual pension cost of \$4,475,946 was equal to the County's required and actual contributions. The County also paid the employees' share amounting to \$1,900,477. Effective with the December 31, 2004 actuarial valuation, the actuarial valuation cost method was changed from Entry Age Normal cost method to the Projected Unit Credit cost method. This change was made in order to better reflect the actual accrual of liabilities between past and future service. This change is being amortized over a rolling 3-year period as a level percentage of payroll. The unfunded actuarial liability is currently amortized as a level percentage of combined valuation payroll over the period from the valuation date to December 31, 2027. As of December 31, 2004 the amortization period is 23 years. When the amortization period reaches 20 years, the period for the existing UAL will continue to decline until it is paid off and new gains and losses recognized in each odd year valuation will be amortized over a period of 20 years from that valuation. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8 percent per year, (b) projected salary increases of 4 percent per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service, (c) projected automatic cost-of-living benefit increases of 3 percent per year, and (d) demographic assumptions that have been chosen to reflect the actuaries best estimate of emerging experience of members of the system.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLAN (continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 4,866,499	100%	--
2008	4,300,126	100%	--
2009	4,475,946	100%	--

Schedule of Funding Progress for Retirement Plan

	Actuarial Valuation as of December 31,		
	2007	2005	2003
Actuarial value of assets (AVA) (a)	\$ 158,689,848	134,065,642	\$ 108,292,940
Actuarial accrued liability (AAL) (b)	\$ 160,988,659	149,947,404	131,173,981
Unfunded actuarial accrued liability (b-a)	\$ 2,298,811	15,881,762	\$ 22,881,040
Excess AVA over AAL (a-b)			\$ 3,158,764
Funded percent (a/b)	99%	89%	83%
Covered payroll (c)	\$ 30,341,309	27,612,228	26,11,521
Unfunded actuarial accrued liability as a Percentage of covered payroll [(b-a)/c]	8%	58%	87%

The Public Employers Retirement System (PERS) for the State of Oregon produces an actuarial report every two years, with the 2007 report being the most recent, issued December 26, 2007.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for risks of loss including general liability, automobile liability, automobile physical damage, property coverage, workers' compensation, boiler and machinery, public official bond and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County has an Unemployment Insurance Fund (an internal service fund) to account for self-financed unemployment insurance. Funds of the County participate in the program and payments are made to the fund based on estimates of amounts needed to pay claims. The claims liability of \$97,523 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount during the past three years were as follows:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Changes in Estimates</u>	<u>Payments</u>	<u>Ending Liability</u>
2006-07	128,380	<24,698>	87,716	15,966
2007-08	15,966	289,531	169,053	136,444
2008-09	136,444	73,918	112,837	97,523

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. CONTINGENCIES

The County is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The likely outcome of these suits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material effect on the County's General Fund.

16. COMMITMENTS

A. Construction commitments

Linn County has the following active construction projects as of June 30, 2009.

	<u>Spent to date</u>	<u>Remaining Commitments</u>
Financial Accounting Software	\$ 264,927	\$ 595,074
Bridge/ Road Improvement	2,123,338	298,961
Parks Project	67,030	70,000
Totals	<u>\$ 2,455,295</u>	<u>\$ 964,035</u>

Road and Bridge improvements are funded primarily by state and federal grants.

B. Loan commitments

The County has agreed to make funds available for Linn Regional Fueling Facility in the amount of \$100,000 for normal operations. The loan is available for drawdowns beginning July 1, 2009. All advances must be repaid by May 31, 2010.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. FUND DEFICITS

At June 30, 2009, General Fund had a deficit fund balance of (\$ 742,976). The General Fund has an interfund loan from the General Road Fund, (for the purchase of property) of \$1,450,000 at June 30, 2008, and an additional interfund loan of \$860,000 at June 30, 2009 (accounting software package) which represents the reason for the deficit. The loans will be paid back with general fund revenue over the next four years.

At June 30, 2009, the Law Enforcement 4-Year Levy Fund had a deficit fund balance of (\$302,838) primarily due to recording the accrued payroll.

At June 30, 2009, the Dog Control fund had a deficit fund balance of (\$15,829) primarily due to recording the accrued payroll.

18. JOINTLY GOVERNED ORGANIZATIONS

The County is a participant in two jointly governed organizations and manages the daily operations of each organization:

- The County does not have an equity interest in the Linn County Emergency Telephone Agency.
- The County has a 33.9 percent interest in the equity of the Linn Regional Fueling Facility.

Financial statements are available for these organizations as follows: Linn County Emergency Telephone Agency, 1115 Jackson Street SE, Albany, Oregon 97321; Linn Regional Fueling Facility, 3130 Ferry Street SW, Albany, Oregon 97321.

Both agencies have stable funding sources and any future liability to Linn County arising from normal operations is remote.

REQUIRED SUPPLEMENTARY INFORMATION

**Linn County Road Department
Planned versus Actual Maintenance
Five Years - 2005-2009**

Fiscal Year (Ending June 30)					
	2008-09	2007-08	2006-07	2005-06	2004-05
Arterials					
Planned	\$ 186,401	\$ 156,604	\$ 185,056	\$ 175,463	\$ 169,431
Actual	\$ 195,084	\$ 132,375	\$ 171,100	\$ 161,000	\$ 146,774
Collectors					
Planned	\$ 3,559,366	\$ 2,990,394	\$ 3,533,679	\$ 3,350,508	\$ 3,243,400
Actual	\$ 3,725,170	\$ 2,527,741	\$ 3,267,192	\$ 3,074,321	\$ 2,809,676
Local					
Planned	\$ 5,130,458	\$ 4,310,343	\$ 5,093,433	\$ 4,829,411	\$ 4,655,328
Actual	\$ 5,369,447	\$ 3,643,477	\$ 4,709,320	\$ 4,431,316	\$ 4,032,793
Total Planned	\$ 8,876,225	\$ 7,457,341	\$ 8,812,168	\$ 8,355,382	\$ 8,068,159
Total Actual	\$ 9,289,701	\$ 6,303,594	\$ 8,147,612	\$ 7,666,637	\$ 6,989,243
Difference	\$ (413,476)	\$ 1,153,748	\$ 664,555	\$ 688,745	\$ 1,078,916

Notes:

Linn County's Gravel roads are not included above amounts as they are on a depreciation schedule.

The above amounts are derived from reports produced through the IRIS cost accounting system for actual and the Road Department budget documents for planned.

Difference between planned and actual maintenance for FY 2007-2008 was primarily related to the deferral of the annual overlay program. Approximately \$1,500,000 in maintenance funds was not expended as a result.

FY 2008-2009 PCI Report	Pavement Condition Index (weighted average) Linn County Road Department		
Functional Class	2008	2006	2004
Arterial	78.1	81.9	85.1
Collector	79.1	82.7	83.5
Residential / Local	79.5	80.7	81.9

The pavement condition index (PCI) for each road segment is calculated using the Street Saver Pavement Management System from Metropolitan Transportation Commission and Association of Oregon Counties. The PCI is based on a scale of 0 to 100 where 100 is considered a new pavement and 0 is considered completely failed. The PCI value is obtained by subtracting points based on several distress factors noted during the visual inspection of the pavement. The PCI is used to classify pavements as very good (100-85), good (84-60), poor (59-35), and very poor (34-0). Linn County has adopted a policy of maintaining its road network at a condition level of good or better (PCI of 65 or above) on a weighted average basis.

Moderate fluctuations in PCI are normal and are the result of the statistical sampling process as well as maintenance performed between the inspection cycles.

LINN COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	<u>Special Revenue</u>	<u>Debt Service</u> <u>Bonded Debt</u>	<u>Totals</u>
		<u>Service</u>	
<u>ASSETS</u>			
Cash and investments	\$ 2,198,063	\$ 66,000	\$ 2,264,063
Receivables, net of allowance for doubtful accounts	120,751	-	120,751
Due from other funds	202,666	-	202,666
Due from other governments	<u>131,905</u>	<u>-</u>	<u>131,905</u>
TOTAL ASSETS	<u>\$ 2,653,385</u>	<u>\$ 66,000</u>	<u>\$ 2,719,385</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 327,320	-	\$ 327,320
Due to other funds	97,937	-	97,937
Deferred revenue	115,290	-	115,290
Payroll, payroll taxes, and benefits payable	<u>132,718</u>	<u>-</u>	<u>132,718</u>
TOTAL LIABILITIES	<u>673,265</u>	<u>-</u>	<u>673,265</u>
<u>FUND BALANCES</u>			
Unreserved	<u>1,980,120</u>	<u>66,000</u>	<u>2,046,120</u>
TOTAL FUND BALANCES	<u>1,980,120</u>	<u>66,000</u>	<u>2,046,120</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,653,385</u>	<u>\$ 66,000</u>	<u>\$ 2,719,385</u>

LINN COUNTY

SPECIAL REVENUE FUNDS

Special Revenue funds account for specific revenues that are legally restricted for particular expenditure purposes.

County Fair – Financial activities of the fair are accounted for in this fund. Primary sources of revenue include state apportionments, operation of the annual fair and transfers from the County General Fund. Expenditures are primarily for administration, operation of the fair and maintenance of fair buildings and grounds.

Dog Control – The sale of dog licenses constitutes the primary revenue for this fund. Expenditures of the fund are for domestic and predatory animal control.

Law Library – This fund is used to account for moneys collected which are restricted for the purpose of providing the County with a law library. Revenue is derived from court fees, a portion of which is specified for the Law Library Fund. Expenditures are for the operation and maintenance of the law library.

General Grants – This fund is used to account for revenues from special taxes, grants and other sources for which expenditures are restricted by law.

Bike Trails – Designated Oregon highway tax apportionments for the construction of bike trails are accounted for in this fund.

9-1-1 Emergency Communications – 9-1-1 emergency resources received from the Oregon telephone excise tax and from the various cities in the county joining in intergovernmental agreements are accounted for in this fund. Expenditures from the fund during the year represented contract payments for operation of a 9-1-1 center.

Corner Preservation – This fund was established to account for expenses incurred or authorized by the County Surveyor in the restoration of government corners. Fund revenues are generated by fee charges for filing and recording instruments under ORS 205.130(2).

Historical Restoration – The fund was created for the purpose of restoring and preserving the Moyer House. The Moyer House is a museum located in the community of Brownsville.

County Forest/Park – The fund was created to accept all proceeds from the sale of timber products or mineral resources from land included in the Forest/Park System. The fund is used to pay the expense of administering, operating and acquiring property for the Forest/Park System, or for development of and operating the County Park System.

County School – Revenues of this fund consists primarily of property taxes and federal and state forestland sales. Proceeds are distributed to the school districts in Linn County.

Federal Forest – This Fund was created in fiscal 2001-02 to account for U.S. Forest Service Title II and III funds. Distributions from the Forest Service are recorded in this Fund and transferred to other county funds as actual project expenses are incurred.

Properties – This fund commenced in 1998-99, following the acquisition of the Lebanon health services building. The County health department and one other tenant pay rent as revenues for the fund. Building operating costs are paid from the fund. Debt payments commencing in 1999-2000 relate to a note used to finance acquisition of the building.

LINN COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	County Fair	Dog Control	Law Library	General Grants	Bike Trails	Corner Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Properties	Totals
ASSETS												
Cash and investments	\$ 112,972	\$ 15,749	\$ 262,730	\$ 621,197	\$ 493,055	\$ 259,377	\$ 47,260	\$ 23,523	\$ 141	\$ 220,529	\$ 141,530	\$ 2,198,063
Receivables, net of allowance for doubtful accounts	-	-	8,142	110,083	2,526	-	-	-	-	-	-	120,751
Due from other funds	-	-	-	400	-	-	-	-	-	53,133	149,133	202,666
Due from other governments	-	-	-	127,846	4,059	-	-	-	-	-	-	131,905
TOTAL ASSETS	\$ 112,972	\$ 15,749	\$ 270,872	\$ 859,526	\$ 499,640	\$ 259,377	\$ 47,260	\$ 23,523	\$ 141	\$ 273,662	\$ 290,663	\$ 2,653,385
LIABILITIES												
Accounts payable	\$ 8,580	\$ 279	\$ 4,056	\$ 161,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,882	\$ 327,320
Due to other funds	7	140	-	97,772	-	18	-	-	-	-	-	97,937
Deferred revenue	-	-	-	112,764	2,526	-	-	-	-	-	-	115,290
Payroll, payroll taxes and benefits payable	-	31,159	3,205	98,354	-	-	-	-	-	-	-	132,718
TOTAL LIABILITIES	8,587	31,578	7,261	470,413	2,526	18	-	-	-	-	152,882	673,265
FUND BALANCES - unreserved	104,385	(15,829)	263,611	389,113	497,114	259,359	47,260	23,523	141	273,662	137,781	1,980,120
TOTAL LIABILITIES AND FUND BALANCES	\$ 112,972	\$ 15,749	\$ 270,872	\$ 859,526	\$ 499,640	\$ 259,377	\$ 47,260	\$ 23,523	\$ 141	\$ 273,662	\$ 290,663	\$ 2,653,385

LINN COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2009**

	County Fair	Dog Control	Law Library	General Grants	Bike Trails	9-1-1 Emergency Communi- cations	Corner Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Properties	Totals
REVENUES													
Intergovernmental	\$ 49,405	\$ -	\$ -	\$ 2,494,565	\$ 48,838	\$ 703,598	\$ -	\$ -	\$ -	\$ 2,664,071	\$ 911,364	\$ 149,133	\$ 7,020,974
Licenses, permits, fines and services	187,807	204,174	112,634	319,525	-	-	-	-	-	-	-	-	824,140
Interest earnings	1,588	1,160	7,035	23,561	14,245	-	7,482	1,167	1,796	8,606	(2,601)	2,054	66,093
Miscellaneous	57,740	-	42	-	-	-	2,586	4,466	-	-	-	194,200	259,034
TOTAL REVENUES	296,540	205,334	119,711	2,837,651	63,083	703,598	10,068	5,633	1,796	2,672,677	908,763	345,387	8,170,241
EXPENDITURES													
Public safety	-	411,692	110,671	882,191	-	703,598	-	-	-	-	293,712	-	2,401,864
Health services	-	-	-	-	-	-	-	-	-	-	-	217,811	217,811
Community development	329,091	-	-	2,223,089	-	-	27,572	-	-	-	-	-	2,579,752
Apportionments to school districts	-	-	-	-	-	-	-	-	-	2,675,530	-	-	2,675,530
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	98,000	98,000
Interest	-	-	-	-	-	-	-	-	-	-	-	17,500	17,500
TOTAL EXPENDITURES	329,091	411,692	110,671	3,105,280	-	703,598	27,572	-	-	2,675,530	293,712	333,311	7,990,457
Excess (deficiency) of revenues over expenditures	(32,551)	(206,358)	9,040	(267,629)	63,083	-	(17,504)	5,633	1,796	(2,853)	615,051	12,076	179,784
OTHER FINANCING SOURCES (USES)													
Transfers in	45,000	190,465	3,556	98,298	-	-	184,499	-	-	-	-	108,518	630,336
Transfers out	(10,000)	-	-	(77,335)	-	-	(202,817)	-	-	-	(992,997)	-	(1,283,149)
TOTAL OTHER FINANCING SOURCES (USES)	35,000	190,465	3,556	20,963	-	-	(18,318)	-	-	-	(992,997)	108,518	(652,813)
Net change in fund balances	2,449	(15,893)	12,596	(246,666)	63,083	-	(35,822)	5,633	1,796	(2,853)	(377,946)	120,594	(473,029)
Fund balances at beginning of year	101,936	64	251,015	635,779	434,031	-	295,181	41,627	21,727	2,994	651,608	17,187	2,453,149
Fund balances (deficit) at end of year	\$ 104,385	\$ (15,829)	\$ 263,611	\$ 389,113	\$ 497,114	\$ -	\$ 259,359	\$ 47,260	\$ 23,523	\$ 141	\$ 273,662	\$ 137,781	\$ 1,980,120

LINN COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COUNTY FAIR - SPECIAL REVENUE FUND
Year Ended June 30, 2009

	Budget Original/Final	Actual	Variance
REVENUES			
Oregon State Lottery distribution	\$ 50,000	\$ 49,405	\$ (595)
Parking fees	12,000	17,969	5,969
Sponsorship fees	118,000	97,973	(20,027)
Gate fees, carnival fees, entry fees	59,000	71,865	12,865
Booth revenues, contracts, miscellaneous	46,500	57,740	11,240
Interest earnings	-	1,588	1,588
TOTAL REVENUES	285,500	296,540	11,040
EXPENDITURES			
Materials and services	335,500	332,664	2,836
Excess (deficiency) of revenues over expenditures	(50,000)	(36,124)	13,876
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	45,000	45,000	-
Transfer to General Fun	(10,000)	(10,000)	-
Net change in fund balance	(15,000)	(1,124)	13,876
Fund balance at beginning of year	15,000	114,096	99,096
Fund balance at end of year	-	112,972	\$ 112,972
Reconciliation to GAAP basis:			
Due to other Funds		(7)	
Accounts payable		(8,580)	
Fund balance (GAAP basis) at end of year		\$ 104,385	

LINN COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DOG CONTROL - SPECIAL REVENUE FUND
Year Ended June 30, 2009

	Budget Original/Final	Actual	Variance
REVENUES			
Dog licenses and penalties	\$ 188,710	\$ 161,208	\$ (27,502)
Dog fees - miscellaneous	60,754	43,925	(16,829)
Interest earnings	1,000	201	(799)
TOTAL REVENUES	<u>250,464</u>	<u>205,334</u>	<u>(45,130)</u>
EXPENDITURES			
Personal services	366,731	364,167	2,564
Materials and services	83,698	47,295	36,403
TOTAL EXPENDITURES	<u>450,429</u>	<u>411,462</u>	<u>38,967</u>
Excess (deficiency) of revenues over expenditures	(199,965)	(206,128)	(6,163)
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	190,465	190,465	-
Net change in fund balance	(9,500)	(15,663)	(6,163)
Fund balance at beginning of year	9,500	30,453	20,953
Fund balance at end of year	<u>\$ -</u>	<u>14,790</u>	<u>\$ 14,790</u>
Reconciliation to GAAP basis:			
FMV Adjustment		959	
Accounts payable		(279)	
Due to other fund		(140)	
Payroll, payroll taxes and benefits payable		<u>(31,159)</u>	
Fund (deficit) (GAAP basis) at end of year		<u>\$ (15,829)</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LAW LIBRARY - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	Budget Original/Final	Actual	Variance
REVENUES			
Law library fees	\$ 100,000	\$ 115,033	\$ 15,033
Research and card fees	5	50	45
Interest earnings	5,000	7,035	2,035
Miscellaneous	5	42	37
TOTAL REVENUES	105,010	122,160	17,150
EXPENDITURES			
Personal services	34,204	33,855	349
Materials and services	113,450	49,335	64,115
Indirect cost allocation	26,451	26,451	-
Capital outlay	97,516	-	97,516
Contingency	60,000	-	60,000
TOTAL EXPENDITURES	331,621	109,641	221,980
Excess (deficiency) of revenues over expenditures	(226,611)	12,519	239,130
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	3,500	3,556	56
Net change in fund balance	(223,111)	16,075	239,186
Fund balance at beginning of year	223,111	246,655	23,544
Fund balance at end of year	\$ -	262,730	\$ 262,730
Reconciliation to GAAP basis:			
Accounts receivable		8,142	
Accounts payable		(4,056)	
Payroll, payroll taxes and benefits payable		(3,205)	
Fund balance (GAAP basis) at end of year		\$ 263,611	

LINN COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL GRANTS - SPECIAL REVENUE FUND

Year Ended June 30, 2009

REVENUES	Budget			Actual	Variance
	Original		Final		
Commissioners:					
Commissioners' grants	\$ 257,449	\$ 3,600	\$ 261,049	\$ 202,322	\$ (58,727)
Earnings on deposits	10,500		10,500	5,445	(5,055)
Reimbursements and miscellaneous fees	172,324	65,000	237,324	212,830	(24,494)
Parks:					
Rental payments	7,200		7,200	5,600	(1,600)
Reimbursements	27,649		27,649	22,649	(5,000)
Donations/ Gifts	5,000		5,000	-	
Grants	400,000		400,000	-	(400,000)
Earnings on deposits	3,050		3,050	5,946	2,896
Marine gas tax	62,200		62,200	62,500	300
RV license fees	335,000		335,000	311,877	(23,123)
Fair	35,500		35,500	24,886	(10,614)
Sheriff grants	156,363	256,468	412,831	238,541	(174,290)
District attorney grants	344,006	70,000	414,006	409,913	(4,093)
Juvenile:					
Grants	382,555		382,555	281,217	(101,338)
Matching funds	1,111	-	1,111	-	(1,111)
Children and families:					
Grants	974,124	58,348	1,032,472	943,593	(88,879)
Title XIX	50,000		50,000	60,977	10,977
Earnings on deposits	4,096		4,096	9,050	4,954
Linn Benton Mediation Grant	98,200		98,200	82,675	(15,525)
Earnings on deposit	4,500		4,500	3,120	(1,380)
TOTAL REVENUES	3,330,827	528,822	3,784,243	2,883,141	(896,102)

Continued on page 62

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL GRANTS - SPECIAL REVENUE FUND (Continued)**

EXPENDITURES	Budget			Actual	Variance
	Original		Final		
Commissioners' grants	\$ 660,998	\$ 93,600	\$ 754,598	\$ 590,451	\$ 164,147
Veteran's services	14,008		14,008	363	13,645
Parks grants	1,022,730	47,232	1,069,962	464,567	605,395
Fair	56,000		56,000	17,929	38,071
Sheriff	150,001	259,642	409,643	203,657	205,986
District attorney grants	449,006	70,000	519,006	408,923	110,083
Juvenile high risk	344,902		344,902	282,277	62,625
Children and families	1,067,351	58,348	1,125,699	1,091,757	33,942
Linn Benton mediation grant	134,218		134,218	102,924	31,294
TOTAL EXPENDITURES	3,899,214	528,822	4,428,036	3,162,848	1,265,188
Excess (deficiency) of revenues over expenditures	(568,387)	-	(643,793)	(279,707)	364,086
OTHER FINANCING SOURCES (USES):					
Transfers in	61,757	25,000	86,757	98,298	11,541
Transfers out	(264,237)	-	(264,237)	(77,335)	186,902
Total other financing sources (uses)	(202,480)		(177,480)	20,963	198,443
Net change in fund balance	(770,867)		(821,273)	(258,744)	562,529
Fund balance of beginning of year	770,867	50,406	821,273	878,102	56,829
Fund balance at end of year	\$ -		\$ -	619,358	\$ 619,358
Reconciliation to GAAP basis:					
Accounts receivable				6,146	
FMV adjustment				1,839	
Due from other governments and available				119,019	
Due from other funds				400	
Accounts payable				(161,523)	
Due to other funds				(97,772)	
Payroll, payroll taxes and benefits payable				(98,354)	
Fund balance (GAAP basis) at end of year				\$ 389,113	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
BIKE TRAILS - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Motor vehicle apportionments	\$ 58,809	\$ 48,813	\$ (9,996)
Interest earnings	<u>15,000</u>	<u>12,785</u>	<u>(2,215)</u>
TOTAL REVENUES	<u>73,809</u>	<u>61,598</u>	<u>(12,211)</u>
EXPENDITURES			
Capital outlay	<u>504,209</u>	<u>-</u>	<u>504,209</u>
Net change in fund balance	(430,400)	61,598	491,998
Fund balance at beginning of year	<u>430,400</u>	<u>429,997</u>	<u>(403)</u>
Fund balance at end of year	<u>\$ -</u>	491,595	<u>\$ 491,595</u>
Reconciliation to GAAP basis:			
Accounts Receivable		4,059	
FMV Adjustment		1,460	
Fund balance (GAAP basis) at end of year		<u>\$ 497,114</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
9-1-1 EMERGENCY COMMUNICATIONS - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
9-1-1 emergency communications tax	\$ 200,000	\$ 253,877	\$ 53,877
Cities' 9-1-1 emergency communication tax	<u>750,000</u>	<u>449,721</u>	<u>(300,279)</u>
TOTAL REVENUES	950,000	703,598	(246,402)
EXPENDITURES			
Materials and services	<u>950,000</u>	<u>703,598</u>	<u>246,402</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ -</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON GAAP-BUDGETARY BASIS) AND ACTUAL
CORNER PRESERVATION - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	Budget Original/Final	Actual	Variance
REVENUES			
Miscellaneous	\$ -	\$ 2,586	\$ 2,586
Interest earnings	10,000	7,482	(2,518)
TOTAL REVENUES	10,000	10,068	68
EXPENDITURES			
Materials and services, and indirect cost	66,257	27,631	38,626
Capital outlay	32,000	-	32,000
Contingency	176,624	-	176,624
Reserve for Future Years			
TOTAL EXPENDITURES	274,881	27,631	247,250
Excess (deficiency) of revenues over expenditures	(264,881)	(17,563)	247,318
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund - Clerks Office	255,000.00	184,499.00	(70,501)
Transfer to Surveyor Contract/GIS Contract	(306,000.00)	(202,817.00)	103,183
Total other financing sources (uses)	(51,000.00)	(18,318.00)	32,682
Net change in fund balance	(315,881)	(35,881)	280,000
Fund balance at beginning of year	315,881	295,258	(20,623)
Fund balance at end of year	\$ -	259,377	\$ 259,377
Reconciliation to GAAP basis:			
Due to other Funds		(18)	
Accounts payable		-	
Fund balance (GAAP basis) at end of year		\$ 259,359	

LINN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL HISTORICAL RESTORATION - SPECIAL REVENUE FUND Year Ended June 30, 2009

	Budget Original/Final	Actual	Variance
REVENUES			
Interest earnings	\$ 1,850	\$ 1,168	\$ (682)
Donations and gifts	5,000	4,466	(534)
TOTAL REVENUES	6,850	5,634	(1,216)
EXPENDITURES			
Personal services	6	-	6
Material and services	1,605	-	1,605
Capital outlay	39,994	-	39,994
TOTAL EXPENDITURES	41,605	-	41,605
Net change in fund balance	(34,755)	5,634	40,389
Fund balance at beginning of year	34,755	41,626	6,871
Fund balance at end of year	\$ -	\$ 47,260	\$ 47,260
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		\$ 47,260	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP GUDGETARY BASIS) AND ACTUAL
COUNTY FOREST/PARK - SPECIAL REVENUE FUND
Year Ended June 2009**

	Budget Original/Final	Actual	Variance
REVENUES			
Timber sales	\$ 200,000	\$ -	\$ (200,000)
Interest earnings	3,000	1,797	(1,203)
TOTAL REVENUES	203,000	1,797	(201,203)
EXPENDITURES			
Personal services	12	-	12
Materials and services	20,250	-	20,250
Capital outlay	204,538	-	204,538
TOTAL EXPENDITURES	224,800	-	224,800
Net change in fund balance	(21,800)	1,797	23,597
Fund balance at beginning of year	21,800	21,726	(74)
Fund balance at end of year	\$ -	\$ 23,523	\$ 23,523
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		\$ 23,523	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COUNTY SCHOOL - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	Budget Original/Final	Actual	Variance
REVENUES			
State forest land sales	\$ 2,000,000	\$ 405,243	\$ (1,594,757)
Federal forest land sales	2,500,000	2,178,889	(321,111)
Private Car Co Tax		2,744	2,744
Electric co-op tax	65,000	77,195	12,195
Interest earnings	6,000	8,606	2,606
TOTAL REVENUES	4,571,000	2,672,677	(1,898,323)
EXPENDITURES			
Distribution payments	4,571,000	2,675,530	1,895,470
Net change in fund balance	-	(2,853)	-
Fund balance at beginning of year	-	2,994	-
Fund balance at end of year	\$ -	\$ 141	\$ -
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		\$ 141	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FEDERAL FOREST - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	<u>Budget Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal Forest /PL 106-393/ Title III	\$ -	\$ -	\$ -
EXPENDITURES			
Materials and services	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Transfer out	<u>(649,007)</u>	<u>(429,007)</u>	<u>220,000</u>
Net change in fund balance	(649,007)	(429,007)	220,000
Fund balance at beginning of year	<u>649,007</u>	<u>649,007</u>	-
Fund balance at end of year	<u>\$ -</u>	220,000	<u>\$ 220,000</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 220,000</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FEDERAL FOREST - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal Forest	\$ -	\$ -	\$ -
EXPENDITURES			
Materials and services	<u>293,712</u>	<u>293,712</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(293,712)	(293,712)	-
OTHER FINANCING SOURCES (USES):			
Transfer out	<u>(617,125)</u>	<u>(617,124)</u>	<u>1</u>
Net change in fund balance	(910,837)	(910,836)	1
Fund balance at beginning of year	910,837	<u>911,364</u>	<u>527</u>
Fund balance at end of year	<u>\$ -</u>	528	<u>\$ 528</u>
Reconciliation to GAAP basis:			
Due from other funds		<u>53,133</u>	
Fund balance (GAAP basis) at end of year		<u>\$ 53,661</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROPERTIES - SPECIAL REVENUE FUND
Year Ended June 30, 2009**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Rentals	\$ 194,200	\$ 194,200	\$ 194,200	\$ -
Earnings on deposits	2,500	2,500	2,054	(446)
TOTAL REVENUES	<u>196,700</u>	<u>196,700</u>	<u>196,254</u>	<u>(446)</u>
EXPENDITURES				
Materials and services	76,000	76,000	67,150	8,850
Debt service	264,718	264,718	115,500	149,218
TOTAL EXPENDITURES	<u>340,718</u>	<u>340,718</u>	<u>182,650</u>	<u>158,068</u>
Excess (deficiency) of revenues over expenditures	(144,018)	(144,018)	13,604	157,622
OTHER FINANCING SOURCES (USES)				
Transfer in	108,518	108,518	108,518	-
Net change in fund balance	(35,500)	(35,500)	122,122	157,622
Fund balance at beginning of year	35,500	35,500	19,408	23,916
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	141,530	<u>\$ 181,538</u>
Reconciliation to GAAP basis:				
Due from other funds			149,133	
Accounts payable			(152,882)	
Fund balance (GAAP basis) at end of year			<u>\$ 137,781</u>	

LINN COUNTY

DEBT SERVICE FUND

Bonded Debt Service – This fund is used to account for property tax and interest revenues used to pay interest on, and retire serially, general obligation refunding bonds of 1993. The general obligation refunding bond series 1993 was refinanced on December 18, 2003 with the general obligation bond series 2003.

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
BONDED DEBT SERVICE - DEBT SERVICE FUND
Year Ended June 30, 2009**

REVENUES	Budget Original/Final	Actual	Variance
Property taxes			
Current year's levy	\$ 70,098	\$ 68,594	\$ (1,504)
Prior years' levies	15,000	12,178	(2,822)
Total property taxes	85,098	80,772	(4,326)
CAFTA funding	2,000	3,632	1,632
Interest earnings	2,000	7,466	5,466
TOTAL REVENUES	<u>89,098</u>	<u>91,870</u>	<u>2,772</u>
EXPENDITURES			
Bond principal	572,063	572,062	1
Bond interest	7,063	-	7,063
TOTAL EXPENDITURES	<u>579,126</u>	<u>572,062</u>	<u>7,064</u>
Excess (deficiency) of revenues over expenditures	(490,028)	(480,192)	(4,292)
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(30,000)	-	-
Total other financing sources (uses)	(30,000)	-	-
Net change in fund balance	(520,028)	(480,192)	(4,292)
Fund balance at beginning of year	520,028	546,192	26,164
Fund balance at end of year	<u>\$ -</u>	<u>66,000</u>	<u>\$ 21,872</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 66,000</u>	

LINN COUNTY

INTERNAL SERVICE FUND

Unemployment Insurance – This fund began in 1990-91 with funding obtained through action by the County Commissioners in requesting monies that had accumulated in the State Employment Division Local Government Benefit Trust Fund. Currently, this fund is self-financed by obtaining monies from other County funds. Expenditures from the Unemployment Insurance Fund pertain to current year unemployment claims.

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
UNEMPLOYMENT INSURANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Reimbursements	\$ 215,000	\$ 225,038	\$ 10,038
Interest earnings	40,000	17,047	(22,953)
TOTAL REVENUES	<u>255,000</u>	<u>242,085</u>	<u>(12,915)</u>
EXPENDITURES			
Program management	3,500	1,600	1,900
Claim payments	350,000	134,400	215,600
Contingency	90,000	-	90,000
TOTAL EXPENDITURES	<u>443,500</u>	<u>136,000</u>	<u>307,500</u>
Excess (deficiency) of revenues over expenditures	(188,500)	106,085	(320,415)
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(927,400)	(927,400)	1,900
Transfer from General Fund	90,000	90,000	215,600
Total other financing sources (uses)	<u>(837,400)</u>	<u>(837,400)</u>	88,100
Net change in fund balance	(1,025,900)	(731,315)	(320,415)
Fund balance at beginning of year	1,025,900	1,047,779	-
Fund balance at end of year	<u>\$ -</u>	316,464	<u>\$ (320,415)</u>
Reconciliation to GAAP basis:			
Fair value adjustment		940	
Interest Receivable		1,626	
Due from other funds and available		18,556	
Due to other governments		(28,426)	
Claims liability		<u>(97,523)</u>	
Net assets at end of year		<u>\$ 211,637</u>	

LINN COUNTY

AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Taxing Districts – These funds are used to record transactions pertaining to individual taxing districts within the County.

Treasurer's Departmental – These funds consist of undistributed taxes and other receipts held by the Treasurer for various County departments and other governments.

Property Taxes – This fund accounts for uncollected but collectible property taxes.

Justice Courts, Sheriff and Certain Others – These funds consist of undistributed collections, some of which will be due to the State.

Regional Fuel Facility – This fund handles cash transactions involving the buying of diesel and unleaded fuel, and the selling of such to certain local governments including the County.

LINN COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2009

	Balances June 30, 2008	Additions	Deductions	Balances June 30, 2009
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 1,357,176	\$ 116,944,009	\$ 116,938,940	\$ 1,362,245
<u>Liabilities</u>				
Amounts held in trust	\$ 1,357,176	\$ 116,944,009	\$ 116,938,940	\$ 1,362,245
Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 493,505	\$ 4,389,145	\$ 4,533,141	\$ 349,509
Accounts receivable	\$ 464,825	488,477	\$ 464,825	\$ 488,477
Total assets	\$ 958,330	\$ 4,877,622	\$ 4,997,966	\$ 837,986
<u>Liabilities</u>				
Due to other governments	\$ 464,825	488,477	\$ 464,825	\$ 488,477
Amounts held in trust	493,505	\$ 4,389,145	\$ 4,533,141	349,509
Total liabilities	\$ 958,330	\$ 4,877,622	\$ 4,997,966	\$ 837,986
Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 626,998	\$ 192,463,104	\$ 192,165,554	\$ 924,548
Property taxes receivable	5,935,798	95,778,025	94,156,724	7,557,099
Total assets	\$ 6,562,796	\$ 288,241,129	\$ 286,322,278	\$ 8,481,647
<u>Liabilities</u>				
Due to other governments	\$ 464,825	\$ 488,477	\$ 464,825	\$ 488,477
Amounts held in trust	6,097,971	113,689,476	111,794,277	7,993,170
Total liabilities	\$ 6,562,796	\$ 114,177,953	\$ 112,259,102	\$ 8,481,647

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)**

	Balances June 30, 2008	Additions	Deductions	Balances June 30, 2009
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 112,834	\$ 731,471	\$ 732,011	\$ 112,294
Accounts receivable	385,095	315,851	385,095	315,851
Total assets	<u>\$ 497,929</u>	<u>\$ 1,047,322</u>	<u>\$ 1,117,106</u>	<u>\$ 428,145</u>
<u>Liabilities</u>				
Due to other governments	\$ 18,132	\$ 23,609	\$ 18,132	\$ 23,609
Amounts held in trust	479,797	1,023,713	1,098,974	404,536
Total liabilities	<u>\$ 497,929</u>	<u>\$ 1,047,322</u>	<u>\$ 1,117,106</u>	<u>\$ 428,145</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 9,419	\$ 787,934	\$ 721,854	\$ 75,499
Due from other governments	143,738	65,392	143,738	65,392
Total assets	<u>\$ 153,157</u>	<u>\$ 853,326</u>	<u>\$ 865,592</u>	<u>\$ 140,891</u>
<u>Liabilities</u>				
Accounts payable	\$ 44,224	\$ 24,930	\$ 44,224	\$ 24,930
Amounts held in trust	108,933	828,396	821,368	115,961
Total liabilities	<u>\$ 153,157</u>	<u>\$ 853,326</u>	<u>\$ 865,592</u>	<u>\$ 140,891</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 2,599,932	\$ 315,315,663	\$ 315,091,500	\$ 2,824,095
Property taxes receivable	5,935,798	95,778,025	94,156,724	7,557,099
Accounts receivable	849,920	804,328	849,920	804,328
Due from other governments	143,738	65,392	143,738	65,392
Total assets	<u>\$ 9,529,388</u>	<u>\$ 411,963,408</u>	<u>\$ 410,241,882</u>	<u>\$ 11,250,914</u>
<u>Liabilities</u>				
Accounts payable	\$ 44,224	\$ 24,930	\$ 44,224	\$ 24,930
Due to other governments	947,782	1,000,563	947,782	1,000,563
Amounts held in trust	9,876,685	236,874,739	235,186,700	10,225,421
Total liabilities	<u>\$ 10,868,691</u>	<u>\$ 237,900,232</u>	<u>\$ 236,178,706</u>	<u>\$ 11,250,914</u>

LINN COUNTY
OTHER SCHEDULES

Financial schedules in this subsection display accountability for elected officials, cash and investments, property tax transactions, and capital asset information.

LINN COUNTY

**SCHEDULE OF ACCOUNTABILITY FOR ELECTED OFFICIALS
Year Ended June 30, 2009**

	Assessor	Clerk	Commis- sioners	District Attorney	Justice Courts Central Linn/ Lebanon	Sheriff	Surveyor	Tax Collector	Treasurer	Totals
On hand - June 30, 2008 (1)	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 95,789	\$ 7,047	\$ 50	\$ 650	\$ 46,824,114	\$ 46,930,770
Receipts	786,601	860,852	678,209	548,651	731,471	4,420,550	852,618	116,944,009	192,763,427	318,586,388
Turnovers and disbursements:										
To County Treasurer	(786,601)	(860,852)	(678,209)	(548,651)	(546,290)	(4,421,238)	(852,618)	(116,944,009)	(190,012,997)	(315,651,465)
To Others	-	-	-	-	(182,868)	-	-	-	-	(182,868)
On hand - June 30, 2009 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 98,102</u>	<u>\$ 6,359</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 49,574,544</u>	<u>\$ 49,682,825</u>
(1) Consists of:										
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ -	\$ 44,222,930	\$ 44,233,780
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	5,350,930	5,350,930
Due to County Treasurer	-	-	-	-	65,855	6,359	-	-	-	72,214
Due to State of Oregon	-	-	-	-	21,247	-	-	-	-	21,247
Change and revolving funds	<u>870</u>	<u>200</u>	<u>50</u>	<u>2,000</u>	<u>150</u>	<u>-</u>	<u>50</u>	<u>650</u>	<u>684</u>	<u>4,654</u>
Totals	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 98,102</u>	<u>\$ 6,359</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 49,574,544</u>	<u>\$ 49,682,825</u>

LINN COUNTY

SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2009

Tax Year	Receivable July 1, 2008	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable June 30, 2009
2008-09	0	122,134,692	(3,058,522)	104,307	113,453,532	47,558	5,774,503
2007-08	4,583,172		1,133	262,734	2,618,376	13,780	2,242,443
2006-07	1,613,021		20	186,334	842,601	(290)	956,484
2005-06	822,405		0	206,543	650,867	(2,390)	375,691
2004-05	358,880		0	140,356	393,887	(2,201)	103,148
2003-04	59,341		0	13,305	31,044	(2,118)	39,484
2002-03	29,248		0	6,384	13,417	(4,435)	17,780
2001-02	22,003		0	1,674	3,163	(233)	20,281
2000-01	16,588		0	810	1,419	(494)	15,485
1999-00	8,545		0	1,926	3,277	(654)	6,540
1998-99	5,149		0	1,500	2,470	(92)	4,087
All others	50,712		0	10,357	15,347	(1,624)	44,098
Totals	\$ 7,569,064	\$ 122,134,692	\$ (3,057,369)	\$ 936,230	\$ 118,029,400	\$ 46,807	\$ 9,600,024

Fund	
General	\$ 773,420
Law Enforcement 4-Year Levy	1,269,505
Agency	7,557,099
Total	\$ 9,600,024



STATISTICAL SECTION

Linn County
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Primary government activities						
Invested in capital assets, net of related debt	139,944	144,132	151,247	160,222	166,879	170,723
Restricted	469	5,991	4,239	4,723	553	0
Unrestricted	<u>36,156</u>	<u>39,953</u>	<u>40,843</u>	<u>36,252</u>	<u>39,634</u>	<u>42,598</u>
Total Primary government net assets	<u><u>176,569</u></u>	<u><u>190,076</u></u>	<u><u>196,329</u></u>	<u><u>201,197</u></u>	<u><u>207,066</u></u>	<u><u>213,321</u></u>

Linn County implemented GASB 34 in fiscal year 2003-2004, therefore comparative figures are only available for years after 2004.

Linn County
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses						
Governmental Activities						
General administration and support	\$ 4,665	\$ 4,607	\$5,757	\$ 6,730	\$ 6,025	\$7,595
Local government services	2,820	3,006	3,152	3,362	3,389	3,565
Public safety	23,030	23,615	25,073	26,417	27,628	31,132
Health services	15,976	17,047	17,974	19,119	15,344	16,502
Community development	6,153	6,651	6,149	7,101	6,643	7,775
Highways and streets	9,863	10,642	12,584	9,449	11,604	12,032
Apportionments to school districts	3,456	3,695	0	2,928	2,851	2,676
Interest on long term debt	271	163	113	79	54	24
Operating grants						
Total primary government expenses	<u>66,234</u>	<u>69,424</u>	<u>70,802</u>	<u>75,185</u>	<u>73,538</u>	<u>81,301</u>
Program Revenues						
Governmental Activities						
Fees, Fines, and Charges for service	10,029	10,741	11,822	11,549	11,413	11,057
Operating Grants and Contributions	35,490	35,021	36,323	36,822	34,830	41,017
Capital Grants and Contributions	82	6,349	677	0	0	0
Total program revenues	<u>\$ 45,601</u>	<u>\$ 52,111</u>	<u>\$48,822</u>	<u>\$48,371</u>	<u>\$46,243</u>	<u>\$52,074</u>
General Revenue change in Net Assets	<u>\$ (20,633)</u>	<u>\$ (17,313)</u>	<u>(\$21,980)</u>	<u>(\$26,814)</u>	<u>(\$27,295)</u>	<u>(\$29,227)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$17,788	\$19,083	\$19,745	21,456	24,644	25,389
Interest and investment earnings	498	882	1,717	2,360	1,930	1,082
Capital contribution	0	(460)	(246)			
Loss of sale of capital assets	95	(88)	(483)	(149)	2	
Unrestricted grants and contributions	9,098	11,489	7,499	7,367	7,236	9,010
Total primary governmental activities	<u>27,478</u>	<u>30,907</u>	<u>28,232</u>	<u>31,034</u>	<u>33,812</u>	<u>35,481</u>
Change in Net Assets						
Governmental activities	<u>\$6,845</u>	<u>\$13,593</u>	<u>\$6,252</u>	<u>4,220</u>	<u>6,517</u>	<u>6,254</u>

Linn County implemented GASB 34 in fiscal year 2003-2004, therefore comparative figures are only available for years after 2004.

Linn County
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Licenses, Permits and Fines</u>	<u>Interest and Miscellaneous</u>	<u>Total</u>
2000	14,174	38,301	5,722	1,168	5,038	64,403
2001	15,135	39,819	5,746	1,962	2,938	65,600
2002	15,095	47,602	5,084	3,159	1,787	72,726
2003	16,122	44,610	5,062	3,517	1,503	70,814
2004	17,680	45,497	5,245	3,662	819	72,904
2005	19,055	55,218	4,515	3,137	1,244	83,169
2006	19,966	47,278	5,196	3,611	2,039	78,091
2007	21,434	45,707	5,342	3,712	3,336	79,531
2008	24,644	43,082	5,712	3,820	2,797	80,055
2009	24,966	47,818	6,631	4,608	2,413	86,436

Linn County
Fund Balances of Governmental Funds
Last 10 fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund										
Reserved	\$ 1,052	\$ 764	\$ 81	\$ 383	\$ 780	\$ 242	\$ -	\$ -	\$ (1,188)	\$ -
Unreserved	845	984	2,592	688	2,501	3,776	2,856	(598)	741	(743)
Total general fund	<u>\$ 1,897</u>	<u>1,748</u>	<u>2,673</u>	<u>1,070</u>	<u>3,281</u>	<u>4,018</u>	<u>2,856</u>	<u>(598)</u>	<u>(447)</u>	<u>(743)</u>
All other governmental funds										
Reserved	3,654	3,753	2,913	4,735	4,456	6,733	5,232	5,738	2,094	1,580
Unreserved, reported in:										
Special revenue funds				2,439	28,799	32,033	36,726	35,719	37,797	42,576
Capital projects funds	258	258	260	(830)	(409)	6	0	0	0	0
Undesignated funds	29,771	30,980	34,403	25,857		2,416			0	0
Total all other governmental funds	<u>\$ 33,683</u>	<u>\$34,991</u>	<u>\$37,576</u>	<u>\$32,203</u>	<u>\$32,845</u>	<u>\$41,188</u>	<u>\$41,958</u>	<u>\$41,457</u>	<u>\$39,891</u>	<u>\$44,156</u>

Linn County
Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues										
Taxes	14,710	15,716	15,769	16,268	17,896	18,958	19,966	21,434	24,506	24,961
Licenses and Permits	4,065	4,548	4,863	5,062	5,047	4,514	5,197	5,342	6,632	6,630
Intergovernmental	38,301	39,819	47,602	44,610	45,497	55,218	47,277	45,708	43,082	47,819
Charges for services	2,825	3,161	3,380	3,517	3,508	3,137	3,611	3,712	3,049	4,607
Investment earnings	2,526	2,623	1,253	1,061	399	872	1,521	2,614	1,889	1,054
Miscellaneous	320	315	534	442	408	372	518	720	909	1,358
Total revenues	<u>62,747</u>	<u>66,182</u>	<u>73,401</u>	<u>70,960</u>	<u>72,755</u>	<u>83,070</u>	<u>78,090</u>	<u>79,530</u>	<u>80,067</u>	<u>86,429</u>
Expenditures										
General government	6,268	6,752	7,207	7,438	7,009	7,515	8,651	9,897	9,025	9,957
Public Safety	19,050	19,904	21,607	26,816	23,838	23,544	24,982	26,451	27,485	30,267
Health Services	15,640	16,966	17,423	17,896	15,919	16,950	17,892	19,023	15,288	16,387
Community development	5,631	6,442	6,353	6,590	6,450	7,008	6,884	7,053	8,343	7,769
Highways and streets	14,097	10,946	12,612	14,244	12,162	14,208	15,404	15,832	16,488	15,905
Apportionments to school districts	3,081	2,266	3,105	3,661	3,456	3,695	3,472	2,928	2,851	2,676
Purchase of Land								1,450	-	-
Capital outlay	6									
Debt service										
Principal	2,141	1,374	1,198	751	796	908	932	840	759	663
Interest	573	523	442	381	271	163	113	79	54	25
Total expenditures	<u>66,487</u>	<u>65,173</u>	<u>69,947</u>	<u>77,777</u>	<u>69,901</u>	<u>73,991</u>	<u>78,330</u>	<u>83,553</u>	<u>80,293</u>	<u>83,649</u>
Excess of revenues over (under) expenditures	(3,740)	1,009	3,454	(6,817)	2,854	9,079	(240)	(4,023)	(226)	2,780
Other financing sources (uses)										
Transfers in	6,329	2,875	3,543	4,308	3,727	2,729	2,796	5,606	6,191	5,546,831
Transfers out	(6,172)	(2,725)	(3,423)	(4,208)	(3,727)	(2,729)	(2,796)	-5,606	(6,191)	(5,546,831)
Capital lease proceeds										
Loan proceeds	1,198									
Sale of capital assets	2,191									
Refunding Bond issue					2,580					
Payments to refunded bond escrow agent					(2,580)					
Total other financing sources (uses)	<u>3,546</u>	<u>150</u>	<u>120</u>	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(194)</u>	<u>1,159</u>	<u>3,574</u>	<u>(6,717)</u>	<u>2,854</u>	<u>9,079</u>	<u>(240)</u>	<u>-4,023</u>	<u>(226)</u>	<u>2,780</u>
Debt service as a percentage on noncapital expenditures	4.1%	2.9%	2.3%	1.5%	1.5%	1.4%	1.3%	1.1%	1.0%	0.8%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
1999-2000	10,249,689	25,492,328	2,558,903	\$ 38,300,920	372
2000-2001	9,756,908	27,486,370	2,575,803	\$ 39,819,081	385
2001-2002	13,573,046	31,034,073	2,994,463	\$ 47,601,582	458
2002-2003	14,456,639	29,035,285	1,118,361	\$ 44,610,285	425
2003-2004	14,361,262	28,578,502	2,557,440	\$ 45,497,204	429
2004-2005	12,857,146	36,723,164	5,637,726	\$ 55,218,036	515
2005-2006	13,045,120	30,879,890	3,352,354	\$47,277,364	438
2006-2007	13,252,452	29,086,336	3,369,065	\$45,707,853	422
2007-2008	13,427,702	27,325,611	2,328,684	\$43,081,997	394
2008-2009	14,806,326	25,657,910	7,354,751	47,818,987	434

Note: 2007-2008 changed to using the Federal Awards revenue information using the accrual basis.

LINN COUNTY
Assessed Value and Estimated Actual Value of Taxable property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Real Property	Manufactured Structures	Personal	Utilities	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value	Assessed Value as a Percentage of Actual Value
2000	4,176,340	129,139	199,551	245,570	11,197	\$ 4,739,403	3.1896	6,056,790	78.25%
2001	4,518,325	133,225	194,711	252,780	11,742	\$ 5,087,299	3.2027	6,451,467	78.85%
2002	4,742,933	126,426	210,097	269,215	12,106	\$ 5,336,564	3.0517	6,503,704	82.05%
2003	4,963,342	123,241	207,900	251,900	13,147	\$ 5,533,236	3.0840	6,679,575	82.84%
2004	5,120,123	120,836	193,139	242,462	13,822	\$ 5,662,737	3.3860	6,762,775	83.73%
2005	5,455,301	117,420	193,135	238,211	14,621	\$ 5,989,446	3.4280	7,366,448	81.31%
2006	5,806,416	114,437	208,497	230,451	15,412	\$ 6,344,389	3.3788	7,935,392	79.95%
2007	6,242,993	116,989	227,964	233,953	21,469	\$ 6,800,430	3.3888	9,140,480	74.40%
2008	6,514,208	118,307	241,961	241,048	21,988	\$ 7,093,536	3.6927	10,398,773	68.22%
2009	6,843,926	113,772	252,789	245,359	23,505	\$ 7,432,340	3.6232	10,710,762	69.39%

Note: *State Ballot Measure No. 50, which became effective in 1997-98, established the maximum assessed value of property in the state for the 1997-98 tax year as 90 percent of the property's real market value in the 1995-96 tax year and then limits any increase in maximum assessed value for tax years following 1997-98 to three percent per year, but permits assessed values to be adjusted for new property or property improvements and certain other events.*

Source: *Summary of Assessment and Tax Roll - Linn County Assessor and Tax Collector.*

**Linn County
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	Cities			Rural Fire Districts		Schools Districts				Linn-Benton Community College	Total Direct & Overlapping Rates	
	Linn County	Albany	Lebanon	Sweet Home	Albany	Lebanon	Albany	(1) Lebanon	Sweet Home			Central Linn
2000	3.19	7.16	6.54	8.66	1.48	1.88	5.54	5.21	4.93	5.36	0.70	50.65
2001	3.20	7.36	5.99	8.71	1.34	2.26	5.50	8.02	5.01	5.32	0.71	53.42
2002	3.05	7.30	6.05	8.04	1.66	2.26	5.07	7.44	6.92	7.03	0.72	55.54
2003	3.08	7.23	5.59	7.81	1.57	2.26	4.98	7.14	6.85	5.44	0.70	52.65
2004	3.39	7.23	5.59	8.79	2.15	2.26	4.98	7.56	6.89	5.72	0.68	55.24
2005	3.43	8.04	5.55	8.70	2.15	2.26	4.96	7.95	6.93	4.88	0.68	55.52
2006	3.38	7.96	5.36	8.39	2.15	2.26	4.93	7.48	6.62	5.26	0.69	54.46
2007	3.39	8.02	5.92	8.11	2.15	2.26	4.89	7.41	6.67	5.00	0.68	54.49
2008	3.69	7.86	6.40	8.66	2.15	2.50	6.17	7.17	6.63	5.04	0.67	56.94
2009	3.62	7.77	6.25	8.67	2.15	2.49	6.20	7.12	6.58	5.21	0.68	56.76

Property tax rate is per \$1,000 of assessed value

1) Includes Union High School District

Source: Summary of Assessment and Tax Roll - Linn County Assessor and Tax Collector.

LINN COUNTY
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2009
(amounts expressed in thousands)

Principal Taxpayers	Type of Business	2009			1999		
		2008-09 Taxable 2008-09 Taxable Assessed Value	Rank	Percentage of Total Taxable Percentage of Total Taxable Assessed Value	1998-99 Taxable 2007-08 Taxable Assessed Value	Rank	Percentage of Total Taxable Percentage of Total Taxable Assessed Value
International Paper (IP Eat Three)	Timber & Forest Products	2,386	1	1.95			
Weyerhaeuser Company/ Willamette	Timber & Forest Products	1,360	2	1.11	203,866	1	0
Target Corporation	Retail distribution	1,359	3	1.11			
Fort James Operating Co.	Timber & Forest Products	1,349	4	1.01	96,146	2	0
Wah Chang	Rare Metals	1,127	5	0.92	31,616	6	0
Pacific Power & Light (Pacficorp)	Utility	883	6	0.72	74,068	3	0
Entek Manufacturing Inc.	Plastic Manufacturing	776	7	0.63			
Northwest Natural Gas	Utility	725	8	0.59	30,302	7	0
Oregon Metallurgical Corp	Rare Metals	701	9	0.57	28,893	8	0
Oregon Freeze Dry Foods Inc	Produce Processing	545	10	0.45	24,588	10	0
Pope & Talbot	Reconstituted Wood Products	0		0.00	47,350	4	0
Telephone Utilities of Oregon	Communications	0			28,579	9	0
U.S West Communications	Communications	0			31,667	5	0
Total Principal Taxpayers		11,211		9.18	597,075		0
Totals		7,432,339		1.00	4,533,475		1

Source: Summary of Assessment and Tax Roll - Linn County Assessor and Tax Collector.

**Linn County
Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts expressed in thousands)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	14,950	12,558	84.00%	1,616	14,174	94.81%
2001	16,067	13,736	85.49%	1,399	15,135	94.20%
2002	15,917	13,808	86.75%	2,104	15,912	99.97%
2003	16,408	15,164	92.42%	1,237	16,401	99.96%
2004	17,991	16,698	92.81%	1,273	17,971	99.89%
2005	19,410	18,009	92.78%	1,323	19,332	99.60%
2006	20,052	19,215	95.83%	658	19,873	99.11%
2007	21,982	20,615	93.78%	210	21,772	99.04%
2008	25,089	24,086	96.00%	510	24,596	98.03%
2009	25,590	24,387	95.30%		24,387	95.30%

Note: Above data relates only to Linn County funds and does not include the other governments in the County.

Source: Summary of Assessment and Tax Roll - Linn County Assessor and Tax Collector.

LINN COUNTY
COMPUTATION OF LEGAL DEBT MARGIN
Last Nine Fiscal Years
(amounts expressed in thousands)

	2001	2002	2003	2004	Fiscal Year 2005	2006	2007	2008	2009
Debt limit	129,030	130,074	133,592	135,256	147,621	147,908	135,579	141,431	149,117
Total net debt applicable to limit	2,834	2,680	2,354	2,111	1,469	1,056	554	12	0
Legal debt margin	126,195	127,394	131,238	133,144	146,152	146,852	135,025	141,419	149,117
Total net debt applicable to the limit as a percentage of debt limit	2.20%	2.06%	1.76%	1.56%	1.00%	0.71%	0.41%	0.01%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2008

Estimated Actual Taxable Value	7,455,844
Debt limit (2% of total assessed value)	149,117
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	0
Total net application to limit	0
Legal Debt Margin	<u>149,117</u>

Linn County
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

June 30,	Population	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Per Capita
2000	103,069	4,845	2182	1,335	8,362	2,328,022	0.36%	81
2001	103,500 *	4,045	1785	1,160	6,990	2,449,491	0.29%	68
2002	104,000 *	3,205	1613	974	5,792	2,550,286	0.23%	56
2003	104,900 *	2,830	1433	778	5,041	2,601,528	0.19%	48
2004	106,000	2,580	1244	571	4,395	2,712,447	0.16%	41
2005	107,150 *	2,090	1,047	352	3,489	2,790,251	0.13%	33
2006	107,920	1,595	841	121	2,557	2,986,872	0.09%	24
2007	108,250	1,095	622	-	1,717	(1)	(1)	(1)
2008	109,320 *	565	393	-	958	(1)	(1)	(1)
2009	110,185	-	295	-	295			

* *Per Portland State Center for Population*

(1) Information not available at this time

LINN COUNTY
RATIO OF BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Assessed Value (In Thousands) (1)	Amount Available in Debt Service Fund	Total	Estimated Actual Taxable Value (1)	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
2000	4,845	4,750,600	1,150	\$3,695	4,739,403	0.08%	36
2001	4,045	5,099,041	1,211	\$2,834	5,087,299	0.06%	27
2002	3,205	5,348,670	525	\$2,680	5,336,564	0.05%	26
2003	2,830	5,546,382	476	\$2,354	5,533,236	0.04%	22
2004	2,580	5,676,559	469	\$2,111	5,662,737	0.04%	20
2005	2,090	6,004,066	619	\$1,471	5,989,446	0.02%	14
2006	1,595	6,359,801	539	\$1,056	6,344,389	0.02%	10
2007	1,095	6,821,899	541	\$554	6,800,430	0.01%	5
2008	565	7,115,524	553	\$12	7,093,536	0.00	0
2009	-	7,455,844	-	\$0	7,432,229	-	0

¹ See the Schedule of Assessed Value and Estimated Actual of Taxable Property on page 78

LINN COUNTY
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2009

Jurisdiction	General Obligation Bonded Debt Outstanding (In Thousands)	Percentage Applicable to County	Amount Applicable to County (In Thousands)
Direct:	Linn County	100.00%	-
Overlapping:			
<i>Cities:</i>	Albany	80.62%	6,861
	Brownsville	100.00%	7,085
	Halsey	100.00%	-
	Harrisburg	100.00%	94
	Lebanon	100.00%	18,945
	Mill City	77.16%	836
	Sodaville	100.00%	59
	Sweet Home	100.00%	590
<i>Community Colleges:</i>	Chemeketa	1.06%	638
	Lanc	1.05%	472
	Linn-Benton	50.27%	8,093
<i>School Districts:</i>	Corvallis	2.20%	1,529
	Central Linn	100.00%	595
	Eugene	0.09%	112
	Lane ESD	4.13%	329
	Greater Albany	81.07%	39,145
	Harrisburg	90.57%	3,405
	Jefferson	6.38%	16
	Lebanon Community	100.00%	49,790
	North Santiam	20.83%	1,122
	Scio	100.00%	1,100
	Sweet Home	100.00%	18,760
	Willamette ESD	0.82%	20
<i>Water Districts:</i>	Grand Prairie	100.00%	839
<i>Parks and Rec District</i>	Jefferson	6.43%	1
<i>Rural Fire Districts:</i>	Jefferson	37.58%	158
	Brownsville	100.00%	2,385
	Idanha-Detroit	6.39%	10
	Lebanon	100.00%	3,495
	Harrisburg	100.00%	215
	Lyons	100.00%	285
	Mohawk City	0.03%	0
	Stayton	10.64%	109
	Sweet Home Fire/Ambulance	100.00%	1,570
	Total Overlapping	506,936	168,662
	Total Direct and Overlapping	506,936	168,662

Source: Oregon State Treasury, Debt Management Division.

Note: General obligation bonded debt outstanding does not include Bancroft and other self-supporting general obligation and limited tax bonded debt.

LINN COUNTY
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(3) School Enrollment	(2) Unemployment Rate (%)	(4) Marriage Licenses	Linn County Employees
2000	103,069	2,328,022	22,589	17,132	7.6	817	724
2001	103,500	2,449,491	23,586	16,998	8.2	815	746
2002	104,000 (7)	2,550,286	24,268	16,797	9.5	711	761
2003	104,900 (7)	2,601,528	24,488	17,941	11.7	765	757
2004	106,000	2,712,447	25,340	18,037	9.6	823	723
2005	107,150 (1)	2,790,251	25,730	18,121	7.7	1780	738
2006	107,920	2,986,872	26,916	19,878	6.3	794	751
2007	108,250	(5)	(5)	19,163	6.2	942	681
2008	109,320	(5)	(5)	(5)	6.5	825	675
2009	110,185	(5)	(5)	(5)	15.4	838	684

(1) Portland State Center for Population

(2) Oregon State Division of Employment

(3) Linn-Benton-Lincoln Education Service District Enrollment Records

(4) County Clerk Detail Records

(5) Not available at this time

(6) U.S. Bureau of Census

(7) Regional Economic Information System, Bureau of Economic Analysis

PRINCIPAL EMPLOYERS
June 30, 2008
(amounts expressed in thousands)

Employer	2009			1999		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Greater Albany Public Schools	1355	1	3.4%			
Samaritan Health Services	1345	2	3.4%			
Linn Benton Community College	1115	3	2.8%			
Allvac Oremet- Wah Chang	1039	4	2.6%			
Linn County	684	5	1.7%			
Target Distribution Center	591	6	1.5%			
City of Albany	473	7	1.2%			
Georgia-Pacific/GP	470	8	1.2%			
Oregon Freeze Dry	350	9	0.9%			
Pacific Cast Technologies	310	10	0.8%			
Weyerhaeuser Co.	250	11	0.6%			
Totals			<u>20.2%</u>			
Total County Employees						39,480

Source: Albany Area Chamber of Commerce

Information for Principal Employers in 1999 is not available at this time.

**Linn County
Employees by Function**

Full time equivalent employees as of June 30,

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Community Development	68	71	72	73	71	71	65	68	69	67
General Administration	43	41	45	52	51	48	50	48	46	47
Health Services	171	174	161	178	174	169	187	192	185	171
Highways and Streets	84	76	76	88	86	85	82	88	87	85
Local Government Service	40	41	41	61	61	59	58	58	61	59
Public Safety	278	272	286	299	295	291	315	307	298	295
Total	684	675	681	751	738	723	757	761	746	724

Note: The Full time equivalent for 2007 is based upon calculations of FTE employees paid during the period for actual hours worked. Prior years was based upon employee count.

Linn County
Operating Indicators by Function
Last four Fiscal Year

Function	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>	Fiscal Year <u>2006</u>
Sheriff				
Jail Bookings	7089	7,425	7,779	8,328
Highways and streets				
Road surface improvements (miles)	57	48	60	86
Parks				
Picnic shelter rentals	179	168	271	191
Clerk's Office				
Documents recorded	29026	34,314	40,239	32,846
Marriage Licenses issued	838	825	942	794
Registered Voters	61607	59,836	57,466	57,244
District Attorney				
Charges referred by law enforcement	5223	9,502	9,981	10,664
Planning				
Building permits	1567	1,794	1,889	2,280
Contract Cities	365	668	938	764
Electrical permits	1616	2,167	2,266	2,027
Planning permits	642	855	1,212	818
Health				
Alcohol and Drug clients	858	776	703	646
Developmentally Disabled clients	635	620	616	569
Environmental Health service contacts	2615	3,126	2,850	2,702
Mental Health clients	4487	4,084	3,940	3,419
Public Health	7713	8,307	6,614	8,300
Women, Infants, and children clients	5849	5,780	5,780	3,400
Fairgrounds				
Willamette building (hours of use)	1719	2,206	1,891	2,142
Arena (hours of use)	2772	2,825	2,478	2,915
Santiam center (hours of use)	1791	2,356	1,507	2,317
Cascade livestock building (hours of use)	1507	1,474	1,383	1,888

Note: new schedule, ten year trend information not yet available

Linn County
Capital Asset Statistics by Function
Last three Fiscal Years

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Safety			
Police:			
Stations	7	7	7
Patrol Units	53	52	51
Police service dogs	4	4	4
Culture and recreation			
Parks acreage	1200	1202	1202
Parks	22	18	17
Picnic shelters	13	12	10
General Services			
Motor pool vehicles	83	83	80
Roads			
Streets (miles)	1,148	1,148	1,148
Bridges	329	329	329

Note: new schedule, ten year trend information not yet available

SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES (CONTINUED)

Policy Number	Company	Coverage	Amount of Coverage	Policy Period		
				From	To	
08PLINC	City/County Insurance Services (Rhodes-Warden Ins., Inc.) - Continued	All property coverage – Real and personal (\$10,000 Deductible)	Personal Property at Unscheduled Locations Personal Property of Employees or Volunteers Unscheduled Fine Arts Miscellaneous Coverage	\$ 15,000 15,000 100,000 50,000	7/1/08	7/1/09
08CLINC	Rhodes-Warden Insurance Agency, Inc (National Union Fire Insurance Company of Pitts, PA)	Excess Crime Coverage (Deductible \$10,000)	Employee Theft Forgery or Atercation Inside Premises – Theft of Money & Securities Inside Premises – Robbery, Safe Burglary-Other Outside the Premises Computer Fraud Money Orders & Counterfeit Paper Currency Funds Transfer Fraud Faithful Performance of Duty (Subject to \$1,000 Deduct- ible)	\$ 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000	7/1/08	7/1/09

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2009

Insurance Coverages 07-08 10-14-2009/Meyer/Insurance/Forms-Masters

Policy Number	Company	Coverage	Amount of Coverage	Policy Period	
				From	To
28337	SAIF Corporation	Standard workers' compensation and employers' liability policy Bodily injury by accident Bodily injury by disease	\$ 500,000 500,000 500,000	7/1/08	7/1/09
08LLINC	City/County Insurance Services (provides comprehensive general and automotive liability coverage up to \$5,000,000 on each type of coverage, subject to policy conditions and contingent on sufficient monies being available in Self-Insured Loss Funds). \$15,000,000 General Aggregate	Comprehensive general liability Automobile Bodily injury Property damage Combined single limit	\$ 15,000,000	7/1/08	7/1/09
08APDLINC	City/County Insurance Services	Comprehensive general liability Automobile - Self-Insured Loss Funds	\$ 50,000 50,000	7/1/08	7/1/09
08BLINC	City/County Insurance Services (Rhodes-Warden Ins., Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown \$ 50,000,000	7/1/08	7/1/09
08PLINC	City/County Insurance Services (Rhodes-Warden Ins., Inc.)	All property coverage - Real and personal (\$10,000 Deductible)	Basic coverage \$104,200,164 Inland Marine (incl w/basic coverage) Restoration/reproduction of books, records, etc 100,000 Electronic Data restoration/reproduction 100,000 Off Premises 100,000 Property in Transit 150,000 Pollution clean-up 25,000 Earthquake/Flood 10,000,000 Revenue and Rental value 150,000 Extra expense and rental value 250,000 Hired, rented, or borrowed equipment 150,000 Crime Coverage 50,000 Police Dogs 15,000	7/1/08	7/1/09



*AUDIT COMMENTS
& DISCLOSURES*

LINN COUNTY, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
June 30, 2009

Introduction

Oregon Administrative Rules 162-10-000 through 162-10-320 incorporate the Minimum Standards for Audits of Oregon Municipal Corporations. These standards, 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. The required statements and schedules are set forth in the preceding section of this report. Required comments and disclosures related to our audit of such statements and schedules are contained in this section.

Internal Accounting Control

We have audited the financial statements of Linn County, Oregon for the year ended June 30, 2009 and have issued our report thereon dated January 7, 2010.

The management of Linn County, Oregon is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

This report is intended solely for the information and use of the management, the Board of County Commissioners, and the State of Oregon, Secretary of State, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.

In connection with our audit:

Accounting Records

We found the accounting records of Linn County, Oregon to be adequate for audit purposes.

LINN COUNTY, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
June 30, 2009

Collateral

Linn County, Oregon was in compliance with ORS Chapter 295 regarding collateral securing deposits for fiscal year ended June 30, 2009.

Indebtedness

The County's bonded debt outstanding was within the limitation of 3% of the real market value of the taxable property within the County established by ORS 287.

Budgets

We reviewed budgets adopted by Linn County, Oregon for the current and ensuing fiscal year. Budget preparation and adoption procedures followed by the County appear to be in compliance with Oregon Local Budget Law.

Insurance and Fidelity Bonds

We reviewed policies relating to insurance and fidelity bond coverage and ascertained that such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering Linn County, Oregon-owned property in force at June 30, 2009 are adequate.

Programs Funded from Outside Sources

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Linn County, Oregon appeared to have appropriate procedures for making expenditures on behalf of, and reporting for, such programs.

Investments

Linn County, Oregon investments for the year ended June 30, 2009 were tested and appear to be in compliance with Oregon Revised Statutes with regard to legal restrictions pertaining to the investment of public funds.

Highway Funds

Linn County, Oregon was in compliance with legal requirements pertaining to the use of Highway Funds.

LINN COUNTY, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
June 30, 2009

Public Contracts and Purchasing

We reviewed and tested Linn County, Oregon's procedures for awarding public contracts. The County appears to be in compliance with the cost accounting guidelines developed by the State of Oregon Executive Department with regard to the County's construction projects and ORS Chapter 279 in the awarding of public contracts and the construction of public improvements.

Independently Elected Officials

The Independently Elected Officials of Linn County, Oregon receives and disburses funds. Accordingly a Schedule of Accountability for Independently Elected Officials has been included in the report.

Merina & Company

Merina & Company, LLP
West Linn, Oregon
January 7, 2010

GRANT COMPLIANCE – SINGLE AUDIT

**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 County Commissioners
Linn County
Albany, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Linn County, Oregon, as of and for the year ended June 30, 2009, which collectively comprise Linn County, Oregon's basic financial statements and have issued our report thereon dated January 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Linn County, Oregon's 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 Linn County, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Linn County, Oregon's 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 Linn County, Oregon's 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 Linn County, Oregon's financial statements that is more than inconsequential will not be prevented or detected by Linn County, Oregon's 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 Linn County, Oregon's internal control.

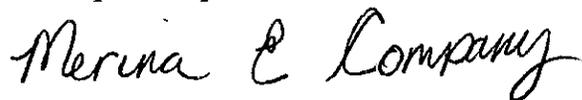
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies 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 Linn County, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Linn County, Oregon, in a separate letter.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the County, 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.



Merina & Company, LLP
West Linn, OR
January 7, 2010

**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 County Commissioners
Linn County
Albany, Oregon

Compliance

We have audited the compliance of Linn County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Linn County's 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 Linn County's management. Our responsibility is to express an opinion on Linn County's 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 Linn County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Linn County's compliance with those requirements.

In our opinion, Linn County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management Linn County 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 Linn County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Linn County's internal control 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 Commissioners, management, others within the County, 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.



Merina & Company, LLP
West Linn, OR
January 7, 2010

**LINN COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

yes

no

Significant deficiency(s) identified that are
Not considered to be material weaknesses?

yes

none reported

Noncompliance material to financial statements noted?

yes

no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

yes

no

Significant deficiency (s) identified that are
Not considered to be material weaknesses?

yes

none reported

Type of auditor’s report issued on compliance for major
programs:

Unqualified

Any audit findings disclosed that are required to be
Reported in accordance with OMB Circular A-133,
section 510(a)?

yes

no



FEDERAL SINGALE AUDIT

LINN COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009**

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Agriculture		
Food and Nutrition Service		
<i>Passed through Oregon Department of Education:</i>		
School Breakfast Program	10.553	8,686
National Lunch Program	10.555	15,503
Forest Service		
<i>Department of Human Resources Health Division:</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	521,176
<i>Department of Administrative Services:</i>		
Schools and Roads – Grants to State	10.665	8,720,104
Federal Forest PL 106-393 Title I	10.665	35,000
Federal Forest PL 106-393 Title III	10.665	429,006
Federal Forest PL 110-343 Title III	10.665	857,703
Total Department of Agriculture		10,587,178
Department of the Interior		
Bureau of Land Management		
<i>Direct Programs:</i>		
O & C Grant	15.000	2,344,607
Payments in Lieu of Taxes	15.226	152,324
Fish and Wildlife Service		
<i>Passed through Oregon Marine Board:</i>		
Clean Vessel Act	15.616	0
Total Department of the Interior		2,496,931

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Justice</u>		
Office of Juvenile Justice and Delinquency Prevention		
<i>Passed through Oregon Department of Justice:</i>		
Juvenile Accountability Incentive Block Grants	16.523	2,536
Title V Delinquency Prevention Title V	16.548	96,307
Enforcing Underage Drinking Laws Program	16.727	0
Bureau of Justice Assistance		
<i>Passed through of Oregon Department of Human Resources Mental Health Division:</i>		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.579	62,409
<i>Passed through Oregon Department of Justice:</i>		
Marijuana Eradication	16.580	14,500
Office of Victims of Crime		
Crime Victim Assistance	16.575	49,594
Crime Victim Assistance/Discretionary Grants	16.582	287,417
Total Department of Justice		<u>512,763</u>
<u>Department of Transportation</u>		
Federal Highway Administration		
<i>Passed through Oregon Department of Transportation:</i>		
Grants for Other than Urbanized Areas	20.509	46,345
Total Department of Transportation		<u>46,345</u>
<u>Department of Administrative Services</u>		
<i>Passed through Department of Administrative Services:</i>		
Donation of Federal Surplus Personal Property	39.003	2,359
<u>Environmental Protection Agency</u>		
Office of Water		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
State Public Water System Supervision	66.432	22,620
Total Environmental Protection Agency		<u>22,620</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Education</u>		
Office of Elementary and Secondary Education		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
Safe and Drug Free Schools and Communities	84.186	<u>40,000</u>
<u>Department of Health and Human Services</u>		
Office of Population Affairs		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
Family Planning - Services	93.217	46,799
Administration for Children and Families		
Promoting Safe and Stable Families	93.556	30,593
Child Care and Development Block Grant	93.575	57,305
<i>Passed through Oregon Commission on Children and Families:</i>		
Social Services Block Grant	93.667	365,492
Centers for Medicare and Medicaid Services		
Medical Assistance Program	93.778	43,557
Centers for Disease Control		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
Immunization Grants	93.268	600
Bioterrorism preparedness & response	93.069	124,304
Health Resources and Services Administration		
TB Control and AIDS	93.116	3,335
Abstinence Education Program	93.235	8,433
HIV Care Formula Grants	93.917	76,287
HIV Prevention Project	93.914	17,887
Maternal and Child Health Services Block Grant to the States	93.994	8,580
Substance Abuse and Mental Health Services Administration		
<i>Passed through Oregon Department of Human Resources Mental Health Division:</i>		
Block Grants for Community Mental Health Services	93.958	72,485
Block Grants for Prevention and Treatment of Substance Abuse	93.959	190,376
Total Department of Health and Human Services		<u>1,046,033</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security</u>		
Federal Emergency Management Agency		
<i>Passed through Oregon State Police:</i>		
Public Assistance Grants	97.036	0
Emergency Management Performance Grants	97.042	45,228
Citizens Corps	97.053	1,995
State Homeland Security Program	97.073	4,874
Total Department of Homeland Security		<u>52,097</u>
Totals		<u><u>14,806,326</u></u>

LINN COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Note 1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Linn County.

Note 2. Significant Accounting Policies

Reporting Entity: The reporting entity is fully described in Note 1 to the County's basic financial statements. The Schedule includes all federal financial assistance programs administered by the County for the year ended June 30, 2009.

Basis of Presentation: The information in the Schedule is presented in accordance with OMB Circular A-133.

Federal Financial Assistance: Pursuant to the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary 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 the state and 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 federal financial assistance programs. Major programs for the County are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in 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 method of accounting. Revenues are recorded as received in cash or when measurable and available. Expenditures are recorded when the liability is incurred.

**This Report is Intended to Promote the
Best Possible Management of Public Resources**

You are welcome to keep this copy if it is useful to you.
If you no longer need this copy, you are encouraged to return it to:

County Commissioners' Office
Linn County Courthouse, Room 201
P.O. Box 100
Albany, OR. 97321



We care for the County and the United States of America