

Comprehensive Annual Financial Report

Linn County Oregon



Fiscal Year Ending
June 30, 2010

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, 2009.

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, 2010

Prepared by: General Administration – Dave Alderman, Accounting Officer

LINN COUNTY
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INTRODUCTORY SECTION

INTRODUCTORY SECTION

- CERTIFICATE OF ACHIEVEMENT
- LETTER OF TRANSMITTAL
- ORGANIZATION CHART
- ELECTED AND APPOINTED OFFICIALS

December 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, 2010 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, 2010, 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, 2010 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 2009 - 2010.

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, 2010 population of 111,355. 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 1,105.71 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 Attorney, 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 continues to be impacted by the historic recession affecting the State and Nation. That recession is clearly reflected in the County's employment numbers with jobs down by 1,210 (June 2009 to June 2010) and an unemployment rate of 12.7% for June 2010, down from the 14.2% rate for June 2009. The County's unemployment rate has continued to remain above both the State (10.5%) and National (9.5%) rates. In general, all employment sectors lost jobs over the last year with the exception of education and health services which did add a few jobs (+70). The hardest-hit sectors continue to be manufacturing and construction, down 390 jobs and 240 jobs respectively. As mentioned last year, one of the County's major employers, International Paper, has shut down its Albany Paper Mill with a loss of 230 jobs. Conversely, a new medical school in Lebanon, the College of Osteopathic Medicine of the Pacific in partnership with Samaritan Health Services, remains on track to accept its first students for classes in 2011. In addition, the State has selected the County's proposal to construct a 150 bed Veterans' Home adjacent the new medical school with construction expected to start in 2012. 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 significant problems in the employment, financial and housing sectors create many questions for the next five 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 and shifting of 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 and shift 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 and ongoing reductions with each quarterly revenue forecast as a result of the economic slowdown mentioned above. At this time, the outlook for the State's FY '11-'13 Budget is \$3.5 billion short of meeting projected current service levels with some of that shortfall sure to 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 fourth year of a four year term (started July 1, 2007) with a rate of \$2.34 per thousand. Another four year levy with a rate of \$2.58 per thousand was approved by the voters in May 2010 to start July 1, 2011.

The County's major source of revenue remains intergovernmental receipts (\$45,360,464; 54.78% of revenue, down 5.03% with most of the decrease due to a one time \$3,268,797 State allocation for road improvements received in FY 2008-2009). Intergovernmental receipts include Federal Forest Service and Bureau of Land Management Title I, II and III payments (\$11,679,191; 14.07% of revenue, down 5.8%). 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 (\$27,720,567; 33.48% of revenue, down 4.72%) 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 (\$25,508,0566; 30.74% of revenue, up 2.21%) 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 4.42%) 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 2009 Law Enforcement Levy's net amount was reduced ("compressed") by 7.74% (\$1,386,430) due to Measure 5 limits. Another sector of County revenues, the Licenses, Permits, Fines & Services category (\$11,051,670; 13.33% of revenue, down 1.58%) decreased, another reflection of the recession's impacts on housing. Overall, the outlook is, at best, for the County's total revenues to decline over the next few years depending on how State funding combines with the declining Federal Forest payments (or a new law addressing future 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 2009 – 2010 personnel cost increase of 4.97% from the prior fiscal year. The cost of the County's retirement programs, the Oregon Public Employees Retirement System (PERS) and the Oregon

Public Service Retirement Plan (OPSRP), did not change from the prior year but, with investment losses experienced, will increase by approximately 3.5% of salary effective July 1, 2011. Future health insurance costs are still a big unknown given the Federal legislation approved earlier this year.

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 is declining over the current law's four year term. In addition, the current recession and Oregon's tax structure and initiative/referendum processes always inject an added element of uncertainty with the State's next biennium budget sure to produce revenue reduction for the County.

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.

As mentioned earlier, Linn County proposal to the Oregon Department of Veterans' Affairs request for proposal to host a 150 bed Veterans' Home was successful. The new Home will be located in Lebanon on ten acres adjacent the new medical school campus. In November 2010, the voters approved a new ten year local option levy to provide \$12,000,000 and fund the required local match and purchase the property with construction expected to start in 2012. Once completed, the Home will be operated by the State.

A significant project currently in progress involves the County's major computer software systems supporting Financial/Treasurer and Assessment and Tax operations. Sungard Public Section was selected 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. The District Attorney has also installed a new case management software system from New Dawn Technologies during this past year.

Another 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 continued infrastructure improvements to 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.

The programmed road and bridge improvements by the Road Department upgraded 85.49 miles of the County's road system and completed replacement/major repairs to four bridges. In addition, the new Linn County 4-H and Extension Service District started

collecting property taxes in the 2009 – 2010 tax year and thus ended the County’s General Fund funding for Oregon State University Extension Linn County activities. The County had no labor contract negotiations during this audit period.

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 – 45.85%; 30 to 90 days – 8.33%; 90 days to 12 months – 22.47% and 12 to 18 months – 23.35%. The average yield on investments for the year was 1.825% compared to an average of 0.60% for the State’s Local Government Investment Pool. The County recorded interest revenues of \$490,675 on all County investments in the year ending June 30, 2010. This represents a decrease of \$563,222, down 53.44% from the prior year due to declining interest rates during the fiscal year.

Risk Management. For the fiscal year ending June 30, 2010, 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, 2009 through June 30, 2011, the County’s Tier 1 & 2 employer rate are 12.00% of salary, with the OPSRP rates 10.36% for General Service employees and 13.07% for Police. The new PERS Tier 1 & 2 and OPSRP employer rates that will be effective July 1 2011 are as follows: 16.06%

(Tier 1 & 2), 12.40% (OPSRP General Service) and 15.11% (OPSRP Police). Overall, the July 1, 2011 rate changes will increase the County's PERS expense by approximately \$2,400,000 for the 2011 –2013 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 resulted in the significant 2011 rate increase with more increases expected in 2013 and 2015.

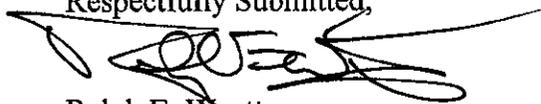
Additional information on Linn County's PERS participation is included in the Financial Section of this report (pages 47, 48 and 49). Linn County has no other County directly funded retirement benefits since the option to continue health insurance benefits, as required by State statute, is fully paid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

AWARDS AND ACKNOWLEDGEMENTS

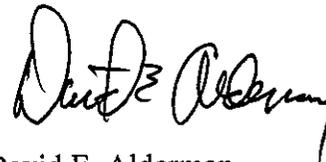
For the twentieth consecutive year, the GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Linn County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing 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

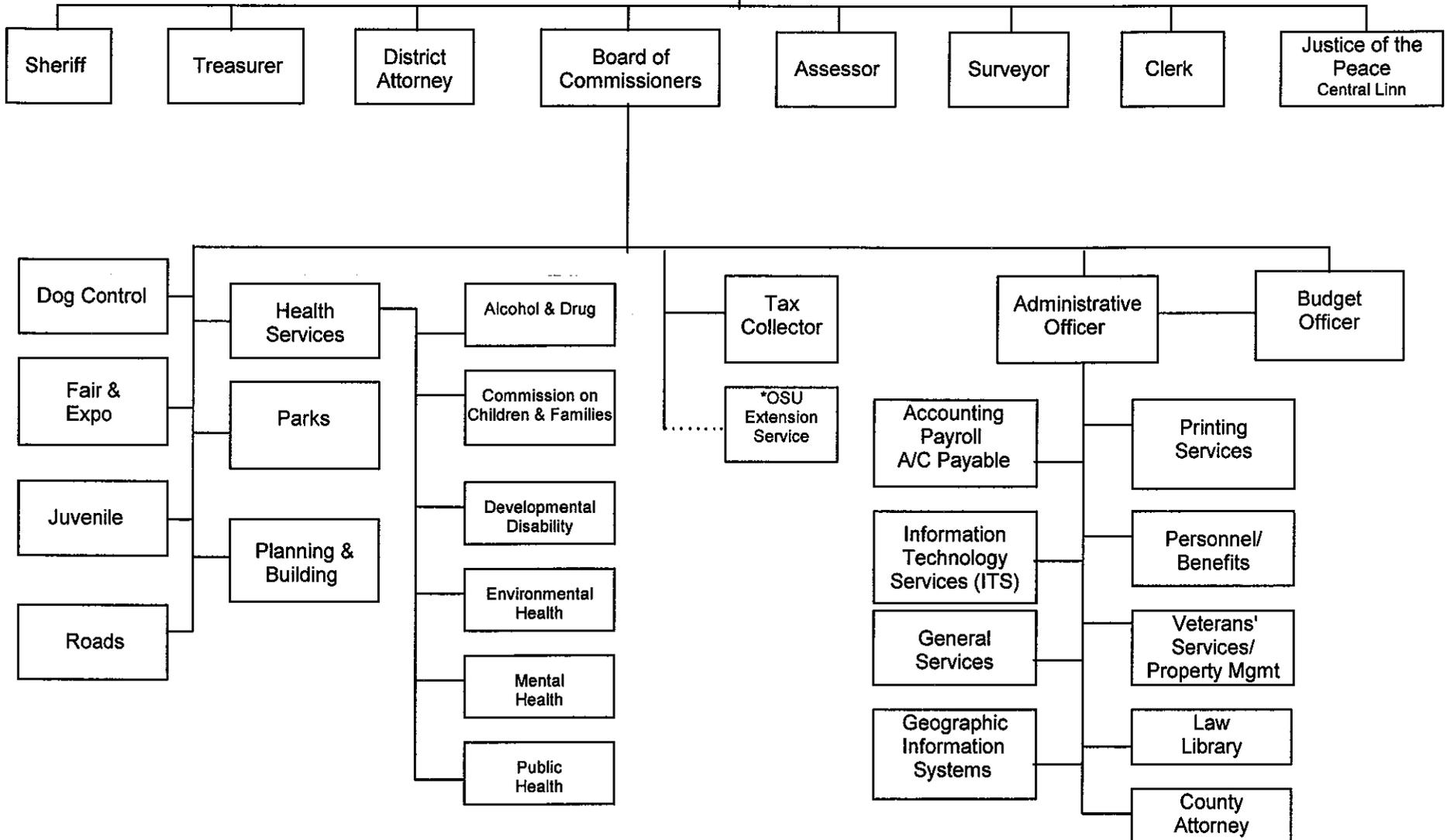


LINN COUNTY, OREGON

Organization Chart

June 30, 2010

**Linn County
Voter**



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

LINN COUNTY

Elected Officials

Name	Position	Term Expires
Roger Nyquist	Commissioner, Board Chairman	January 2013
John K. Lindsey	Commissioner	January 2011
William C. Tucker	Commissioner	January 2013
Mark Noakes	Assessor and Tax Collector	January 2013
Steve Druckenmiller	Clerk	January 2011
Jason Carlile	District Attorney	January 2013
Honorable Jad Lemhouse	Justice of the Peace	January 2014
Tim Mueller	Sheriff	January 2011
Charles Gibbs	Surveyor	January 2013
Michelle Hawkins	Treasurer	January 2013

Administrative Officer

Ralph E. Wyatt

Registered Address

Linn County Courthouse

P. O. Box 100

Albany, Oregon 97321

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, 2010. 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 \$212,801,907 (*net assets*). Of this amount, \$38,995,667 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$519,269.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$40,556,824 a decrease of \$2,856,179 in comparison with the prior year, with 91.98% of this total amount, \$37,306,213 *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the fiscal year, the fund balance for the general fund was \$(1,188,345). 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, an additional interfund loan with the Road Fund in fiscal 2008-09 for the purchase of a new financial applications software application system for \$860,001, and in the current fiscal year \$890,00 was borrowed from the Road Fund to fund a new District Attorney case management software system, improvements to the Court House elevator, and a new assessment and taxation software system. . The combined interfund debt is \$ 2,786,679 at June 30, 2010.
- Linn County's total long-term obligations decreased by \$295,000 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 16 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 12 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 \$212,801,907 at the close of the fiscal year.

By far the largest portion of Linn County's net assets (81.68 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

	<u>2009</u>	<u>2010</u>
Assets		
Current and other assets	\$ 53,207,980	\$ 48,757,321
Capital assets	171,017,973	173,806,240
Total assets	<u>224,225,953</u>	<u>222,563,561</u>
Liabilities		
Long-term liabilities outstanding	1,444,680	1,825,900
Other liabilities	<u>9,460,097</u>	<u>7,935,751</u>
Total liabilities	<u>10,904,777</u>	<u>9,761,651</u>
Net assets		
Invested in capital assets, net of related debt	170,722,973	173,806,240
Restricted	-	3,250,611
Unrestricted	<u>42,598,203</u>	<u>35,745,056</u>
Total net assets	<u>\$ 213,321,176</u>	<u>\$ 212,801,907</u>

An additional portion of Linn County's net assets (\$ 3,250,611, approximately 1.53 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$35,745,056 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets decreased by \$519,269 during the current fiscal year because of a decrease in working capital of \$2,856,179, offset by an increase in net fixed assets of \$2,788,266.

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

	2009	2010
Revenues		
Program		
Charges for services	\$ 11,057,065	\$ 11,193,446
Operating grants and contributions	41,017,311	34,500,640
Capital grants and contributions	-	-
General		
Property taxes	25,389,218	25,284,933
Grants and contributions not restricted to specific programs	9,010,147	11,513,696
Other	1,081,772	478,653
Total revenues	87,555,513	82,971,368

Linn County's Changes in Net Assets

Governmental Activities (continued)

	2009	2010
Expenses		
General government	\$ 7,595,073	\$ 6,569,133
Public safety	31,132,243	32,366,696
Highways/streets	12,031,796	12,596,741
Local government services	3,564,833	3,442,124
Health services	16,501,898	17,566,927
Community development	7,774,626	8,268,962
Apportionment to school districts	2,675,530	2,667,222
Interest on long-term debt	24,562	12,832
	<hr/>	<hr/>
Total expenses	81,300,561	83,490,637
	<hr/>	<hr/>
Increase (decrease) in net assets	6,254,923	(519,269)
Net assets - beginning of the year	207,066,253	213,321,176
	<hr/>	<hr/>
Net assets - end of the year	\$ 213,321,176	\$ 212,801,907
	<hr/>	<hr/>

- Total revenues decreased by \$ 4,584,145 between the prior fiscal year and the current fiscal year as a result of reduced state and federal dollars being passed to the counties (see letter of transmittal).
- Overall, expenditures increased by \$2,190,076 or 2.69 percent from fiscal 2008-09. Public Safety expenditures increased by \$1,234,453 as personnel costs continue to increase by 4-5 percent 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 \$40,556,824 an decrease of \$2,856,179 in comparison with the prior year. Of this total amount \$37,306,213 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 \$(1,188,346).

Linn County's general fund balance decreased by \$445,390 during the current fiscal year. Key factors in this change are as follows:

- Overall revenue in the General Fund increased by \$ 639,005 from \$26,163,522 in fiscal 2008-09, to \$26,802,527 in 2009-2010. Most of this increase comes from the intergovernmental revenue which increased by 614,755 as a result of increased state forest revenue. There was also a transfer from the Unemployment Fund to the General Fund in the amount of \$ 90,000 to meet General Fund budget requirements.
- Expenditures in the General Fund decreased overall by \$ 954,755 due to reductions in personnel costs by leaving vacate positions open.
- As mentioned earlier, the General Fund loaned \$890,000 from the Roads Fund for various projects, and will be repaid over a ten year period.

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 \$36,950,553 at year end, representing 91.1 percent of the combined Linn County's ending fund balance. This balance decreased by \$2,791,143 during the year due to lower interest rates on reserves, a decline in State highway fund receipts, a reduction in reimbursable projects and loans made to other funds. The Roads Fund made a \$890,000 loan to the General Fund in 2009-10 which reduced the fund balance.

Law Enforcement 4-Year Levy – The current 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 (\$402,586) was increased by \$99,748 from current operations. Property tax revenues increased by \$570,815, from \$15,363,670 in 2008-09 to \$15,934,485 in 2009-10. Expenditures increased by \$1,049,230 from \$15,008,549 in 2008-09 to \$16,057,779 in 2009-10 due to increases in personnel costs. (merit increases, Cola's)

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. The ending fund balance of \$3,747,701 represents an increase of \$1,076,720 from the prior year. Total revenues increased by 836,222 from \$16,348,372 in 2008-09 to 17,184,594 in 2009-10 primarily due to increased state aid for mental health managed care services. (\$766,435 increase) Conversely, expenditures also increased by \$1,221,905 from \$16,132,944 in 2008-09 to \$17,354,849 due to increased services mentioned above and increased personnel costs.

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 \$136,215. This is a decrease in net assets over last year by \$75,422 primarily due to a transfer of \$ 90,000 to the General Fund. Operating income for the period was \$235,112 and insurance claims amounted to \$224,428.

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$2,645,271 (increase in appropriations) due to increased funds received by the state for mental health and public health services (\$1,383,113) and funding from the Roads for the District Attorneys case management software.

Capital Asset and Debt Administration

Capital assets. Linn County's investment in capital assets for its governmental type activities as of June 30, 2010 amounts to \$173,806,240 (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; 2008-09 \$3,181,096 and in the current fiscal year \$2,788,266 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 \$ 1,223,138 primarily for the purchase of patrol vehicles in the Sheriff's Office, and the replacement of road equipment.
- Additional capital expenditures of \$3,862,129 were made for road and bridge improvements during the year.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2009	2010
Land	\$ 16,756,667	\$ 16,756,667
Buildings and improvements, net	36,174,664	35,703,198
Equipment, net	8,374,377	8,229,704
Infrastructure, net	107,145,162	110,617,666
Intangibles	111,808	240,415
Construction in progress	2,455,295	2,258,590
Totals	\$ 171,017,973	\$ 173,806,240

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

	2009	2009
General obligation bonds	\$ -	\$ -
Notes	295,000	-
Capital lease		
	\$ 295,000	\$ -
Totals		

During the current fiscal year Linn County's total debt decreased by \$295,000. 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 \$155,722,000 which is significantly in excess of Linn County's outstanding general obligation debt.

Economic Factors

- The unemployment rate for Linn County is currently 12.7 percent, which is a decrease from a rate of 14.2 percent a year ago. This compares unfavorably to the state's average unemployment rate of 10.5 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, with slight improvement into the first quarter of 2010-2011. 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, although the margin is getting much closer.
- 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.



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of 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 (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 the County, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General Fund, General Road, Law Enforcement 4-Year Levy, and Health Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010, on our consideration of the County'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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that 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, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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 financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected

to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Merina & Company

Merina & Company, LLP
West Linn, Oregon
December 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, 2010. 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 \$212,801,907 (*net assets*). Of this amount, \$38,995,667 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$519,269 year over year.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$40,556,824 a decrease of \$2,856,179 in comparison with the prior year, with 91.98% of this total amount, \$37,306,213 *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the fiscal year, the fund balance for the general fund was \$(1,188,345). 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, an additional interfund loan with the Road Fund in fiscal 2008-09 for the purchase of a new financial applications software application system for \$860,001, and in the current fiscal year a total of \$890,000 was borrowed from the Road Fund to fund a new District Attorney case management software system, improvements to the Court House elevator, and a new assessment and taxation software system.. The combined interfund debt is \$ 2,786,679 at June 30, 2010.
- Linn County's total long-term obligations decreased by \$295,000 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 16 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 12 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.

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By far the largest portion of Linn County's net assets (81.68 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

	2009	2010
Assets		
Current and other assets	\$ 53,207,980	\$ 48,757,321
Capital assets	171,017,973	173,806,240
Total assets	<u>224,225,953</u>	<u>222,563,561</u>
Liabilities		
Long-term liabilities outstanding	1,444,680	2,051,515
Other liabilities	<u>9,460,097</u>	<u>7,710,139</u>
Total liabilities	<u>10,904,777</u>	<u>9,761,654</u>
Net assets		
Invested in capital assets, net of related debt	170,722,973	173,806,240
Unrestricted	<u>42,598,203</u>	<u>38,995,667</u>
Total net assets	<u>\$ 213,321,176</u>	<u>\$ 212,801,907</u>

The balance of *unrestricted net assets* \$38,995,667 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets decreased by \$519,269 during the current fiscal year because of a decrease in working capital of \$2,856,179, offset by an increase in net fixed assets of \$2,788,266.

Governmental activities. Governmental activities decreased Linn County's net assets by \$519,269. Key elements of this increase are as follows:

Linn County's Changes in Net Assets

Governmental Activities

	2009	2010
Revenues		
Program		
Charges for services	\$ 11,057,065	\$ 11,229,003
Operating grants and contributions	41,017,311	34,500,640
General		
Property taxes	25,389,218	25,284,933
Grants and contributions not restricted to specific programs	9,010,147	11,478,139
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	<u>87,555,513</u>	<u>82,971,368</u>
Total revenues		

Linn County's Changes in Net Assets

Governmental Activities (continued)

	2009	2010
Expenses		
General government	\$ 7,595,073	\$ 6,569,133
Public safety	31,132,243	32,366,696
Highways/streets	12,031,796	12,596,741
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Apportionment to school districts	2,675,530	2,667,222
Interest on long-term debt	<u>24,562</u>	<u>12,832</u>
 Total expenses	 <u>81,300,561</u>	 <u>83,490,637</u>
 Increase (decrease) in net assets	 6,254,923	 (519,269)
Net assets - beginning of the year	<u>207,066,253</u>	<u>213,321,176</u>
 Net assets - end of the year	 <u>\$ 213,321,176</u>	 <u>\$ 212,801,907</u>

- Total revenues decreased by \$ 4,584,145 between the prior fiscal year and the current fiscal year as a result of reduced state and federal dollars being passed to the counties (see letter of transmittal).
- Overall, expenditures increased by \$2,190,076 or 2.69 percent from fiscal 2008-09. Public Safety expenditures increased by \$1,234,453 as personnel costs continue to increase by 4-5 percent annually and additional support from the third year, of four year 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 \$40,556,824, a decrease of \$2,856,179 in comparison with the prior year. Of this total amount \$37,306,213 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.

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Linn County's general fund balance decreased by \$445,390 during the current fiscal year. Key factors in this change are as follows:

- Overall revenue in the General Fund increased by \$ 639,005 from \$26,163,522 in fiscal 2008-09, to \$26,802,527 in 2009-2010. Most of this increase comes from the intergovernmental revenue which increased by 614,755 as a result of increased state forest revenue. There was also a transfer from the Unemployment Fund to the General Fund in the amount of \$ 90,000 to meet General Fund budget requirements.
- Expenditures in the General Fund decreased overall by \$ 954,755 due to reductions in personnel costs by leaving vacate positions open.
- As mentioned earlier, the General Fund borrowed \$890,000 from the Roads Fund for various projects, which will be repaid over a ten year period.

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 \$36,950,553 at year end, representing 91.1 percent of the combined Linn County's ending fund balance. This balance decreased by \$2,791,143 during the year due to lower interest rates on reserves, a decline in State highway fund receipts, a reduction in reimbursable projects and loans made to other funds. The Roads Fund made a \$890,000 loan to the General Fund in 2009-10 which reduced the fund balance.

Law Enforcement 4-Year Levy – The current 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 (\$402,586) was increased by \$99,748 from current operations. Property tax revenues increased by \$570,815, from \$15,363,670 in 2008-09 to \$15,934,485 in 2009-10. Expenditures increased by \$1,049,230 from \$15,008,549 in 2008-09 to \$16,057,779 in 2009-10 due to increases in personnel costs. (merit increases, Cola's)

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. The ending fund balance of \$3,747,701 represents an increase of \$1,076,720 from the prior year. Total revenues increased by \$836,222 from \$16,348,372 in 2008-09 to \$17,184,594 in 2009-10 primarily due to increased state aid for mental health managed care services. (\$766,435 increase) Conversely, expenditures also increased by \$1,186,075 from \$16,168,774 in 2008-09 to \$17,354,849 due to increased services mentioned above and increased personnel costs.

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 \$136,215. This is a decrease in net assets over last year by \$75,422 primarily due to a transfer of \$ 90,000 to the General Fund. Operating income for the period was \$235,112 and insurance claims amounted to \$224,428.

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$2,645,271 (increase in appropriations) due to increased funds received by the state for mental health and public health services (\$1,383,113) and funding from the Roads for the District Attorneys case management software.

Capital Asset and Debt Administration

Capital assets. Linn County's investment in capital assets for its governmental type activities as of June 30, 2010 amounts to \$173,806,240 (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; 2008-09 \$3,181,096 and in the current fiscal year \$2,788,267 was added to capital assets, net of retirements and current year depreciation. Linn County adopted the modified approach for its valuation and accounting presentation of infrastructure assets

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

- Linn County increased equipment by \$ 1,223,138 primarily for the purchase of patrol vehicles in the Sheriff's Office, and the replacement of road equipment.
- Additional capital expenditures of \$3,862,129 were made for road and bridge improvements during the year.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2009		2010
Land	\$ 16,756,667	\$	16,756,667
Buildings and improvements, net	36,174,664		35,703,198
Equipment, net	8,374,377		8,229,704
Infrastructure, net	107,145,162		110,617,666
Intangibles	111,808		240,415
Construction in progress	2,455,295		2,258,590
Totals	\$ 171,017,973	\$	173,806,240

The 2008 Pavement Condition Index (PCI) data indicates a slight drop in overall pavement conditions from the 2006 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

	2009	2010
Notes	\$ 295,000	\$ -
Capital lease		
Totals	\$ 295,000	\$ -

During the current fiscal year Linn County's total debt decreased by \$295,000. 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 \$155,722,000 which is significantly in excess of Linn County's outstanding general obligation debt.

Economic Factors

- The unemployment rate for Linn County is currently 12.7 percent, which is a decrease from a rate of 14.2 percent a year ago. This compares unfavorably to the state's average unemployment rate of 10.5 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 year. This trend continues, with slight improvement into the first quarter of 2010-2011. 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, although the margin is getting much closer.
- The State's FY 2009-11 Budget reflects a decrease in revenue forecast due to the large number of 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, 2010

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 42,400,633
Receivables, net of allowance for doubtful accounts	2,884,141
Due from other governments	1,378,629
Inventories	1,718,740
Foreclosed properties held for sale	197,545
Investment in joint venture	177,633
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	114,230,979
Other capital assets, net of accumulated depreciation	<u>59,575,261</u>
TOTAL ASSETS	<u>222,563,561</u>
<u>LIABILITIES</u>	
Accounts payable	948,832
Due to other governments	38,776
Payroll, payroll taxes, and benefits payable	4,079,819
Claims liability	134,751
Long-term obligations:	
Due with in one year:	
Accumulated compensated absences	2,507,964
Due in more than one year:	
Accumulated compensated absences	1,384,020
Post employment health care benefits	<u>667,495</u>
TOTAL LIABILITIES	<u>9,761,657</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	173,806,240
Restricted for:	-
Unrestricted	<u>38,995,667</u>
TOTAL NET ASSETS	<u>\$ 212,801,907</u>

See notes to basic financial statements

LINN COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

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	\$ 6,569,133	\$ 1,023,728	\$ 206,184	\$ (5,339,221)
Local government services	3,442,124	920,063	713,672	(1,808,389)
Public safety	32,366,696	3,834,826	2,369,616	(26,162,254)
Health services	17,566,927	1,432,139	14,371,497	(1,763,291)
Community development	8,268,962	2,647,116	1,215,302	(4,406,544)
Highways and streets	12,596,741	1,371,131	12,957,147	1,731,537
Apportionments to school districts	2,667,222	-	2,667,222	-
Interest on long-term obligations	12,832	-	-	(12,832)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 83,490,637	\$ 11,229,003	\$ 34,500,640	(37,760,994)
General Revenues				
Property taxes levied for:				
General purposes				25,284,933
Grants and contributions not restricted to specific programs				11,478,139
Interest and investment earnings				478,653
TOTAL GENERAL REVENUES				37,241,725
CHANGE IN NET ASSETS				(519,269)
NET ASSETS - BEGINNING				213,321,176
NET ASSETS - ENDING				\$ 212,801,907

See notes to basic financial statements

LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	General Road	Law Enforcement 4-Year Levy	Health	Other Governmental Funds	Totals
<u>ASSETS</u>						
Cash and investments	\$ 2,764,779	\$ 32,606,579	\$ 756,836	\$ 4,259,383	\$ 1,725,076	\$ 42,112,653
Receivables, net of allowance for doubtful accounts	835,380	252,051	1,338,665	344,620	111,873	2,882,589
Due from other funds	54,225	-	-	105,722	800	160,747
Due from other governments	143,944	444,083	-	645,590	145,003	1,378,620
Advances to other funds	-	2,786,679	-	-	-	2,786,679
Inventories	-	1,718,740	-	-	-	1,718,740
Foreclosed properties held for sale	197,545	-	-	-	-	197,545
Investment in joint venture	-	177,633	-	-	-	177,633
TOTAL ASSETS	\$ 3,995,873	\$ 37,985,765	\$ 2,095,501	\$ 5,355,315	\$ 1,982,752	\$ 51,415,206
<u>LIABILITIES</u>						
Accounts payable	\$ 330,574	\$ 185,481	\$ 100,353	\$ 133,489	\$ 198,932	\$ 948,829
Due to other funds	21,010	37,369	25,600	13,942	83,036	180,957
Advances from other funds	2,786,679	-	-	-	-	2,786,679
Deferred revenue	941,776	265,660	1,256,254	291,368	107,040	2,862,098
Payroll, payroll taxes, and benefits payable	1,104,179	546,703	1,115,880	1,168,815	144,242	4,079,819
TOTAL LIABILITIES	\$ 5,184,218	\$ 1,035,213	\$ 2,498,087	\$ 1,607,614	\$ 533,250	\$ 10,858,382

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	-	1,718,739.00	-	-	-	1,718,739.00
Unreserved:						
Designated	1,531,872	-	-	-	-	1,531,872
Undesignated, reported in:						
General Fund	(2,720,217)	-	-	-	-	(2,720,217)
Special revenue funds	-	35,231,813	(402,586)	3,747,701	1,449,502	40,026,430
TOTAL FUND BALANCES	(1,188,345)	36,950,552	(402,586)	3,747,701	1,449,502	40,556,824
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,995,873	\$ 37,985,765	\$ 2,095,501	\$ 5,355,315	\$ 1,982,752	\$ 51,415,206

See notes to basic financial statements

LINN COUNTY

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

June 30, 2010

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 40,556,824

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	203,497,475	
Less accumulated depreciation	<u>(29,691,235)</u>	173,806,240

Less the net book value of retired asset, and construction in process deletions

Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds. (3,891,984)

Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds. (667,495)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds. 2,862,098

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. 136,224

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 212,801,907

LINN COUNTY
STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	General Road	Law Enforcement 4-Year Levy	Health	Other Governmental Funds	Totals
REVENUES						
Property taxes	\$ 9,235,285	\$ -	\$ 15,934,485	\$ -	\$ -	\$ 25,169,770
Intergovernmental	10,138,536	13,031,135	-	15,235,976	6,954,817	45,360,464
Licenses, permits, fines and services	7,398,834	1,025,045	-	1,362,095	1,265,696	11,051,670
Interest earnings	29,872	351,456	25,346	57,936	23,001	487,611
Miscellaneous	-	198,006	-	528,587	331	726,924
TOTAL REVENUES	26,802,527	14,605,642	15,959,831	17,184,594	8,243,845	82,796,439
EXPENDITURES						
Current :						
General administration and support	5,759,678	-	-	-	-	5,759,678
Local government services	3,419,549	-	-	-	-	3,419,549
Public safety	12,868,251	-	16,057,779	-	2,982,060	31,908,090
Health services	-	-	-	17,354,849	64,317	17,419,166
Community development	5,001,560	-	-	-	2,902,883	7,904,443
Highways and streets	-	16,266,638	-	-	-	16,266,638
Apportionments to school districts	-	-	-	-	2,667,222	2,667,222
Debt service:						
Principal	-	-	-	-	295,000	295,000
Interest	-	-	-	-	12,832	12,832
TOTAL EXPENDITURES	27,049,038	16,266,638	16,057,779	17,354,849	8,924,314	85,652,618
Excess (deficiency) of revenues over expenditures	(246,511)	(1,660,996)	(97,948)	(170,255)	(680,469)	(2,856,179)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,896,749	213,225	-	1,246,975	935,690	4,292,639
Transfers out	(2,095,628)	(1,343,372)	(1,800)	-	(851,839)	(4,292,639)
TOTAL OTHER FINANCING SOURCES (USES)	(198,879)	(1,130,147)	(1,800)	1,246,975	83,851	-
Net change in fund balances	(445,390)	(2,791,143)	(99,748)	1,076,720	(596,618)	(2,856,179)
Fund balances (deficit) at beginning of year	(742,956)	39,741,696	(302,838)	2,670,981	2,046,120	43,413,003
Fund balances (deficit) at end of year	\$ (1,188,346)	\$ 36,950,553	\$ (402,586)	\$ 3,747,701	\$ 1,449,502	\$ 40,556,824

LINN COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(2,856,179)
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Governmental funds report capital outlay as expenditures; however in the statement of activities, the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets	5,278,199	
Less current year depreciation	<u>(2,489,933)</u>	2,788,266
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Change in deferred revenue		(64,130)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets. This is the amount by which bonds issued exceeded repayments		
Principal payments on long-term obligations		295,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Net OPEB obligations		(329,898)
Accumulated compensated absences		(276,906)
When recognizing the sale of capital assets, the governmental funds do not report the economic benefit (cost) from the sale		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds is reported with governmental activities		<u>(75,422)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>(519,269)</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, 2010

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes				
Current year's levy	\$ 8,880,557	\$ 8,880,557	\$ 9,166,390	\$ 285,833
Prior years' levies	457,000	457,000	417,718	(39,282)
Total property taxes	<u>9,337,557</u>	<u>9,337,557</u>	<u>9,584,108</u>	<u>246,551</u>
Intergovernmental				
O & C land grant	2,110,146	2,110,146	2,110,146	-
Payments in lieu of taxes	110,000	110,000	340,915	230,915
State forest land sales	1,000,000	1,000,000	1,723,560	723,560
Amusement tax	22,900	22,900	25,003	2,103
Cigarette tax	115,000	115,000	120,856	5,856
Electric co-op tax	154,000	154,000	163,048	9,048
Liquor tax	430,000	430,000	399,427	(30,573)
Video lottery reimbursement	502,038	502,038	403,051	(98,987)
Private car tax	-	-	3,311	3,311
Assessment and taxation grant	740,000	740,000	713,672	(26,328)
Sheriff grants	81,000	81,000	68,186	(12,814)
Veterans' officer reimbursement	57,680	57,680	58,647	967
State prison revenue-corrections	1,565,850	1,565,850	1,326,325	(239,525)
State prisoner allocation-contract criminal	892,180	892,180	852,880	(39,300)
Juvenile detention contracts	477,519	477,519	486,206	8,687
Planning contract with cities	142,500	142,500	87,052	(55,448)
Central Linn Justice Court-City of Harrisburg contract	21,216	21,216	26,871	5,655
Cities and district contract with Sheriff	294,765	294,765	294,772	7
Emergency 911 contract with Sheriff	739,000	739,000	732,750	(6,250)
Cities and Justice courts - fees for jail	125,413	125,413	119,855	(5,558)
Juvenile work crew/ Fed forest title II	70,000	70,000	66,750	(3,250)
Juvenile contract with cities	-	-	-	-
Total intergovernmental	<u>9,651,207</u>	<u>9,651,207</u>	<u>10,123,283</u>	<u>472,076</u>

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)				
Licenses, permits, fines and services				
Commissioners	\$ 20	\$ 20	\$ 9	\$ (11)
Assessment and taxation	126,005	126,005	78,453	(47,552)
Clerk	1,048,064	1,048,064	1,017,895	(30,169)
Treasurer	1,200	1,200	1,113	(87)
Surveyor	72,300	72,300	84,458	12,158
Veterans Services	200	200	36	(164)
Planning	767,500	767,500	599,702	(167,798)
Parks and recreation	1,630,750	1,630,750	1,030,963	(599,787)
Historical	39,000	39,000	14,399	(24,601)
Justice court - Central Linn	743,000	743,000	782,336	39,336
District attorney	39,800	39,800	96,244	56,444
Sheriff				
Corrections	449,400	449,400	387,220	(62,180)
Jail	94,201	94,201	98,086	3,885
Civil	317,000	317,000	204,051	(112,949)
Criminal	160,000	160,000	186,165	26,165
Support	39,700	39,700	17,669	(22,031)
Medical examiner	-	-	360	360
Juvenile and juvenile detention	23,100	23,100	36,648	13,548
General administration	51,000	51,000	49,069	(1,931)
Information technology	36,700	36,700	34,706	(1,994)
General services	1,560	1,560	43,796	42,236
Printing	245,000	245,000	288,679	43,679
County Counsel	-	-	2,636	2,636
Geographic information system	19000	19000	5958	(13,042)
Expo	743,000	743,000	801,232	58,232
Non departmental	80,000	80,000	79,755	(245)
Sale of equipment	49,500	49,500	7,310	(42,190)
Unemployment fund	90,000	90,000	90,000	
Regence and SAIF settlement	-	-	94,625	94,625
Indirect cost reimbursements, net	1,243,991	1,243,991	1,244,956	965
Total licenses, permits, fines and services	8,110,991	8,110,991	7,378,529	(732,462)
Interest earnings	140,000	140,000	41,328	(98,672)
TOTAL REVENUES	27,239,755	27,239,755	27,127,248	(112,507)

*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)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES				
Commissioners				
Personal services	\$ 380,020	\$ 393,020	\$ 392,066	\$ 954
Materials and services	9,750	13,750	11,612	2,138
		-		
Total Commissioners	389,770	406,770	403,678	3,092
Assessment and Taxation				
Personal services	2,043,849	2,043,849	1,987,527	56,322
Materials and services	157,000	157,000	91,526	65,474
Capital outlay	5	5	-	5
Total Assessment and Taxation	2,200,854	2,200,854	2,079,053	121,801
Clerk				
Personal services	976,094	976,094	875,707	100,387
Materials and services	221,128	221,128	183,314	37,814
Capital outlay	1	1	-	1
Total Clerk	1,197,223	1,197,223	1,059,021	138,202
Treasurer				
Personal services	176,767	183,767	182,774	993
Materials and services	10,783	10,783	10,356	427
Total Treasurer	187,550	194,550	193,130	1,420
Surveyor				
Personal services	726,037	726,037	724,445	1,592
Materials and services	48,792	48,792	13,866	34,926
Capital Outlay	1	1	-	1
Total Surveyor	774,830	774,830	738,311	36,519

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 (Continued)				
Justice Court - Central Linn				
Personal services	\$ 524,453	\$ 533,453	\$ 531,105	\$ 2,348
Materials and services	68,150	82,150	78,318	3,832
Capital outlay	5	5	-	5
Total Justice Court - Central Linn	592,608	615,608	609,423	6,185
District Attorney				
Personal services	730,762	740,762	736,018	4,744
Materials and services	71,783	71,783	61,150	10,633
Total District Attorney	802,545	812,545	797,168	15,377
County Counsel				
Personal services	430,305	430,305	389,642	40,663
Materials and services	33,048	33,048	19,989	13,059
Total County Counsel	463,353	463,353	409,631	53,722
Juvenile				
Personal services	1,401,337	1,401,337	1,380,904	20,433
Materials and services	64,776	64,776	55,744	9,032
Total Juvenile Detention	1,466,113	1,466,113	1,436,648	29,465
Planning and Building				
Personal services	1,095,080	1,105,080	1,089,172	15,908
Materials and services	116,700	116,700	56,999	59,701
Capital Outlay	5	5	-	
Total Planning and Building	1,211,785	1,221,785	1,146,171	75,614
Sheriff - Civil				
Personal services	952,104	987,104	975,405	11,699
Materials and services	41,200	41,200	23,846	17,354
Total Sheriff - Civil	993,304	1,028,304	999,251	29,053

*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)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Sheriff - Criminal				
Personal services	\$ 3,627,700	\$ 3,475,700	\$ 3,376,644	\$ 99,056
Materials and services	275,428	255,828	175,673	80,155
Capital Outlay	-	102,925	92,083	10,842
Total Sheriff - Criminal	3,903,128	3,834,453	3,644,400	190,053
Sheriff - Corrections				
Personal services	2,325,880	2,265,880	2,173,413	92,467
Materials and services	93,110	93,110	77,587	15,523
Total Sheriff - Corrections	2,418,990	2,358,990	2,251,000	107,990
Sheriff - Jail Fees				
Personal services	218,991	218,991	217,319	1,672
Materials and services	623	623	623	-
Total Sheriff - Jail Fees	219,614	219,614	217,942	1,672
Sheriff - Support Services				
Personal services	2,198,842	2,057,517	1,987,409	70,108
Materials and services	469,722	489,722	484,277	5,445
Capital outlay	-	-	-	-
Total Sheriff - Support Services	2,668,564	2,547,239	2,471,686	75,553
Medical Examiner				
Materials and services	53,150	53,150	43,211	9,939
Parks and Recreation				
Personal services	841,308	841,308	824,354	16,954
Materials and services	369,884	369,884	369,874	10
Capital outlay	675,000	675,000	72,897	602,103
Total Parks and Recreation	1,886,192	1,886,192	1,267,125	619,067

*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)				
Historical				
Personal services	\$ 25,004	\$ 25,004	\$ 23,043	\$ 1,961
Materials and services	22,405	22,405	22,323	82
Capital outlay	25,000	25,000	-	25,000
Total Historical	72,409	72,409	45,366	27,043
General Administration				
Personal services	699,514	699,514	603,167	96,347
Materials and services	671,504	671,504	474,283	197,221
Capital outlay	1	25,001	23,821	1,180
Total General Administration	1,371,019	1,396,019	1,101,271	294,748
Information Systems				
Personal services	854,341	854,341	805,412	48,929
Materials and services	127,679	127,679	80,498	47,181
Capital outlay	1	1	-	1
Total Information Systems	982,021	982,021	885,910	96,111
Geographic System (GIS)				
Personal services	353,704	353,704	350,664	3,040
Materials and services	56,400	56,400	38,686	17,714
Capital outlay	1	1	-	1
Total Geographic System (GIS)	410,105	410,105	389,350	20,755
General Services				
Personal services	880,935	1,030,935	976,796	54,139
Materials and services	704,625	703,714	643,757	59,957
Capital outlay	-	-	-	-
Total General Services	1,585,560	1,734,649	1,620,553	114,096

*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)				
Veterans' Services				
Personal services	\$ 205,307	\$ 210,307	\$ 209,587	\$ 720
Materials and services	9,934	9,934	9,619	315
Total Veterans' Services	215,241	220,241	219,206	1,035
Printing				
Personal services	206,960	211,960	209,926	2,034
Materials and services	174,135	174,135	161,195	12,940
Total Printing	381,095	386,095	371,121	14,974
Expo				
Personal services	637,268	677,268	670,443	6,825
Materials and services	412,500	412,500	376,795	35,705
Capital outlay	31,000	31,000	31,000	-
Total Expo	1,080,768	1,120,768	1,078,238	42,530
Non-departmental				
Materials and services	1,561,641	1,591,641	811,976	779,665
Personal services	16,001	16,001	4,985	
Capital outlay	20,100	20,100	18,035	2,065
Total Non-departmental	1,597,742	1,627,742	834,996	781,730
Contingency	358,668	193,226	-	193,226
TOTAL EXPENDITURES	29,484,201	29,424,848	26,312,860	3,111,988
Excess (deficiency) of revenues over expenditures	(2,244,446)	(2,185,093)	814,388	2,999,481

*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		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
parks video transfer	\$ -	\$ -	\$ -	\$ -
Transfer	153	153	153	
Vidio poker / expo	82,000	82,000	0	(82,000)
Road funds / Corrections	60,000	60,000	32,424	(27,576)
Road funds / Surveyor	245,000	245,000	350,859	
Road Fund / Juvenile	10,000	10,000	6,174	(3,826)
Road Fund / General Admin	130,000	130,000	0	(130,000)
Road Fund / G.I.S.	45,000	45,000	45,000	0
Road Fund / Information Technology Service	35,000	35,000	18,915	(16,085)
Road Fund / Non Dept.	590,000	590,000	590,000	0
Corner Preservation	289,000	289,000	159,659	(129,341)
Federal Forest/surveyor	15,000	15,000	0	(15,000)
Federal Forest/Planning	20,000	20,000	0	(20,000)
Federal Forest/parks	75,000	75,000	9,834	
Federal Forest/sheriff support	175,000	175,000	175,000	
Federal Forest/sheriff criminal	250,000	250,000	250,000	
Federal Forest/sheriff juvenile	51,000	51,000	46,000	(5,000)
Federal Forest/sheriff corrections	50,000	50,000	50,000	0
Federal Forest/GIS	50,000	50,000	50,000	0
Transfer from Properties	68,700	68,700	28,431	
Transfer from bonded Debt	66,000	66,000	66,000	
Transfer from Fair	16,500	16,500	16,500	0
Transfer from Sheriff/IT	1,800	1,800	1,800	0
Transfers (to) other funds				
Health	(1,242,588)	(1,242,588)	(1,246,708)	(4,120)
Corner Preservation/ clerk	(204,000)	(204,000)	(173,242)	30,758
Dog Control	(198,249)	(204,469)	(204,469)	0
County Fair	(45,000)	(45,000)	(45,000)	0
Expo	(190,645)	(190,645)	0	190,645
General	(59,200)	(59,200)	(59,200)	0
Properties	(83,950)	(83,950)	(83,950)	0
General Grants	(12,500)	(12,500)	(12,500)	0
Parks	(108,646)	(108,646)	0	108,646
Federal Forest to General Fund	0	(53,133)	(53,133)	0
Law Library	(3,500)	(3,500)	(4,201)	(701)
To roads fund for loan payment	(213,226)	(213,226)	(213,225)	
TOTAL OTHER FINANCING SOURCES (USES)	(36,351)	(95,704)	(198,879)	(103,600)

*See notes to basic financial statements
Continued on page 16-17*

**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	\$ (2,280,797)	\$ (2,280,797)	\$ 615,509	\$ 2,896,306
Fund balance at beginning of year	<u>2,280,797</u>	<u>2,280,797</u>	<u>2,753,849</u>	<u>473,052</u>
Fund balance at end of year	<u>-</u>	<u>-</u>	<u>3,369,358</u>	<u>3,369,358</u>
Reconciliation to GAAP basis				
Year End Cash Adjustment			4,654	
Fair value adjustment			3,122	
Property taxes receivable and available			91,149	
Due from other governments and available			143,944	
Due from other funds and available			54,225	
Advance from Roads Fund			(2,786,679)	
Accounts payable			(146,857)	
Due to other funds			(21,010)	
Payroll, payroll taxes and benefits payable			<u>(1,900,252)</u>	
Fund balance (GAAP basis) - at end of year			<u>\$ (1,188,346)</u>	

See notes to basic financial statements

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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 third 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, 2010

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 5,407,620	\$ 5,407,620	\$ 5,298,723	\$ (108,897)
Federal forest	5,887,094	5,887,094	5,883,901	(3,193)
Intergovernmental	3,072,734	3,072,734	1,860,553	(1,212,181)
Interest earnings	1,500,000	1,500,000	423,565	(1,076,435)
Miscellaneous	173,000	947,250	198,006	(749,244)
TOTAL REVENUES	16,040,448	16,814,698	13,664,748	(3,149,950)
EXPENDITURES				
Personal services	6,109,180	6,639,180	6,100,710	538,470
Materials and services	5,129,833	5,129,833	3,842,979	1,286,854
Capital outlay	11,401,437	11,401,437	6,781,073	4,620,364
Contingency	10,000,000	9,195,000	-	9,195,000
TOTAL EXPENDITURES	32,640,450	32,365,450	16,724,762	15,640,688
Excess (deficiency) of revenues over expenditures	(16,600,002)	(15,550,752)	(3,060,014)	12,490,738
OTHER FINANCING SOURCES (USES)				
Loan repayments from other funds				
General fund /Accounting software	180,344	180,344	93,748	(86,596)
General Fund for park	336,768	336,768	119,477	(217,291)
General Fund /Surveyor contract	(245,000)	(245,000)	(350,859)	(105,859)
General Fund/Corrections	(60,000)	(60,000)	(32,424)	27,576
Juvenile work crew/General Fund	(10,000)	(10,000)	(6,174)	3,826
ITS support/General Fund	(35,000)	(35,000)	(18,915)	16,085
GIS Contract	(45,000)	(45,000)	(45,000)	-
Loan Advance/General fund	(720,000)	(1,020,000)	(890,000)	130,000
TOTAL OTHER FINANCING SOURCES (USES)	(597,888)	(897,888)	(1,130,147)	(232,259)

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	\$ (17,197,890)	\$ (16,448,640)	\$ (4,190,161)	\$ 12,258,479
Fund balance at beginning of year	<u>36,573,647</u>	<u>36,573,647</u>	<u>36,759,678</u>	<u>186,031</u>
Fund balance at end of year	<u>\$ 19,375,757</u>	<u>\$ 20,125,007</u>	32,569,517	<u>\$ 12,444,510</u>
Reconciliation to GAAP basis:				
Accounts receivable and available			32,883	
Fair value adjustment			37,062	
Due from other governments and available			397,591	
Current portion of interfund loan receivable			323,628	
Investment in fuel facility			177,633	
Inventories			1,718,740	
Accounts payable			(185,481)	
Due to other funds			(37,369)	
Payroll, payroll taxes and benefits payable			<u>(546,703)</u>	
Total current reconciling items			1,917,984	
Long-term portion of interfund loan receivable			<u>2,463,052</u>	
Total all reconciling items			<u>4,381,036</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 36,950,553</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, 2010

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes:				
Current year's levy	\$ 15,539,736	\$ 15,539,736	\$ 15,584,261	\$ 44,525
Prior year's levy	135,000	135,000	340,581	205,581
Total property taxes	15,674,736	15,674,736	15,924,842	250,106
Interest earnings	16,000	16,000	26,779	10,779
TOTAL REVENUES	<u>15,690,736</u>	<u>15,690,736</u>	<u>15,951,621</u>	<u>260,885</u>
EXPENDITURES				
Personal services	12,960,150	12,960,650	12,758,641	202,009
Materials and services	3,212,866	3,212,366	2,944,439	267,927
Capital outlay	265,300	265,300	262,894	2,406
Contingency	185,097	185,097	-	185,097
TOTAL EXPENDITURES	<u>16,623,413</u>	<u>16,623,413</u>	<u>15,965,974</u>	<u>657,439</u>
Excess (deficiency) of revenues over expenditures	<u>(932,677)</u>	<u>(932,677)</u>	<u>(14,353)</u>	<u>918,324</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Road Fund	-	-	-	-
Transfer to General Fund	(1,800)	(1,800)	(1,800)	
Loan repayment to General Road Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,800)</u>	<u>(1,800)</u>	<u>(1,800)</u>	<u>-</u>
Net change in fund balance	(934,477)	(934,477)	(16,153)	918,324
Fund balance at beginning of year	749,380	508,484	772,129	263,645
Fund balance at end of year	<u>\$ (185,097)</u>	<u>\$ (425,993)</u>	<u>755,976</u>	<u>\$ 1,181,969</u>
Reconciliation to GAAP basis:				
Property taxes receivable and available			82,411	
Fair value adjustment			860	
Accounts payable			(100,353)	
Due to other funds			(25,600)	
Payroll, payroll taxes and benefits payable			(1,115,880)	
Fund balance (GAAP basis) at end of year			<u>\$ (402,586)</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, 2010

REVENUES	Budget		Actual	Variance
	Original	Final		
Health administration:				
Grants	\$ 186,533	\$ 193,533	\$ 226,682	\$ 33,149
Mental - emotional disturbances:				
Grants	2,116,105	2,116,105	2,037,993	(78,112)
Group home room and board	19,562	19,562	22,927	3,365
Title XIX	345,046	345,046	669,797	324,751
Contracts	106,011	106,011	109,036	3,025
Managed care	3,723,904	4,459,338	5,885,474	1,426,136
Reimbursements and charges	334,750	334,750	369,715	34,965
Earnings on deposits	30,000	30,000	35,784	5,784
Miscellaneous fees	30,590	30,590	30,468	(122)
Developmental disabilities:				
Grants	2,029,217	2,079,217	1,879,293	(199,924)
Earnings on deposits	3,000	3,000	10,101	7,101
Alcohol and drug:				
Grants	1,913,909	2,020,797	1,795,421	(225,376)
Beer and wine tax	95,705	95,705	87,065	(8,640)
Title XIX	27,969	40,969	61,113	20,144
Managed care	357,840	357,840	448,641	90,801
Reimbursements and contracts	54,399	54,399	56,826	2,427
Miscellaneous fees	27,002	27,002	24,987	(2,015)
Earnings on deposits	1,644	1,644	1,291	(353)
Public health:				
Grants	1529661	1,912,452	1,656,670	(255,782)
Medicaid administration	170,000	170,000	218,287	48,287
Title XIX	167,460	167,460	141,860	(25,600)
Family-PEP	341,253	396,253	389,761	(6,492)
Miscellaneous fees	124,936	127,936	116,194	(11,742)
Reimbursements	22,326	22,326	9,308	(13,018)
Earnings on deposits	5,343	5,343	2,148	(3,195)
Environmental health:				
Grants	47,093	77,093	51,562	(25,531)
Licenses and permits	379,000	379,000	337,340	(41,660)
Miscellaneous fees	280355	280355	356938	(11,742)
Earnings on deposits	23,331	23,331	460	(22,871)
TOTAL REVENUES	14,493,944	15,877,057	17,033,142	1,067,760

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	\$ 13,464,464	\$ 14,488,253	\$ 13,374,926	\$ 1,113,327
Materials and services	3,986,107	4,345,431	3,947,186	398,245
Indirect cost allocation				
Capital outlay	12	12	-	12
TOTAL EXPENDITURES (1)	17,450,583	18,833,696	17,322,112	1,511,584
Excess (deficiency) of revenues over expenditures	(2,956,639)	(2,956,639)	(288,970)	2,667,669
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,549,356	1,549,356	1,246,975	(302,381)
Transfers out	(778,278)	(778,278)	-	
Net change in fund balance	(2,185,561)	(2,185,561)	958,005	2,365,288
Fund balance at beginning of year	2,185,561	2,217,983	3,284,344	1,066,361
Fund balance at end of year	\$ -	\$ 32,422	4,242,349	
Reconciliation to GAAP basis:				
Accounts receivable (net)			53,252	
Fair market value and cash adjustment			17,034	
Due from other governments and available			645,590	
Due from other funds and available			105,722	
Accounts payable			(133,489)	
Due to other funds			(13,942)	
Payroll, payroll taxes and benefits payable			(1,168,815)	
Fund balance (GAAP basis) at end of year			\$ 3,747,701	
<i>(1) Summary of Expenditures by Program</i>				
Health administration	\$ 204,755	\$ 211,755	\$ 196,377	\$ 15,378
Mental - emotional disturbances	8,266,970	9,002,404	8,177,067	825,337
Developmental disabilities	2,179,445	2,229,445	1,977,487	251,958
Alcohol and drug	2,630,612	2,750,500	2,533,728	216,772
Public health	3,331,652	3,772,443	3,589,949	182,494
Environmental health	837,149	867,149	847,504	19,645
TOTAL EXPENDITURES BY PROGRAM	\$ 17,450,583	\$ 18,833,696	\$ 17,322,112	\$ 1,511,584

See notes to basic financial statements

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
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2010

	Governmental Activities
	Internal Service
<u>ASSETS</u>	
Cash and investments	\$ 287,980
Interest Receivables	1,552
Due from other funds	20,210
TOTAL ASSETS	309,742
 <u>LIABILITIES</u>	
Due to other governments	38,776
Claims liability	134,751
TOTAL LIABILITIES	173,527
 <u>NET ASSETS</u>	
Unrestricted	\$ 136,215

LINN COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2010

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Reimbursements	\$ 235,112
OPERATING EXPENSES	
Insurance claims	224,482
Operating income	10,630
NONOPERATING REVENUES	
Interest earnings	3,948
Other financing sources (uses)	
Transfer to General fund	(90,000)
Change in net assets	(75,422)
Total net assets - beginning of year	211,637
Total net assets - end of year	\$ 136,215

See notes to basic financial statements

LINN COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2010

	Governmental Activities
	Internal Service
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 233,532
Cash paid for insurance claims	<u>(176,904)</u>
Net cash provided (used) by operating activities	56,628
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	3,948
Transfer to the general fund	<u>(90,000)</u>
Net cash provided (used) by investing activities	(86,052)
Net increase in cash and cash equivalents	(29,424)
Cash and cash equivalents - beginning of year	<u>317,404</u>
Cash and cash equivalents - end of year	<u>\$ 287,980</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 10,630
Decrease (increase) in accounts receivable	74
Decrease (increase) in due from other funds	(1,654)
Increase (decrease) in due to other government	10,350
Increase (decrease) in claims liability	<u>37,228</u>
Net cash provided by operating activities	<u>\$ 56,628</u>

LINN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

		Agency
<u>ASSETS</u>		
Cash and investments	\$	2,078,218
Receivables		8,998,557
Due from other governments		81,057
TOTAL ASSETS	\$	11,157,832
 <u>LIABILITIES</u>		
Accounts payable	\$	48,088
Due to other governments		972,369
Amounts held in trust		10,137,375
TOTAL LIABILITIES	\$	11,157,832

See notes to basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2010

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LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2010

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. No FASB statements and interpretations issued after November 30, 1989 have been applied.

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	5 - 30 years
• Intangibles	5 - 15 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, 2010 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. The Pool is not registered with the SEC as an investment company and is unrated.

As of June 30, 2010, the County had the following investments:

	Rating	Maturities	Fair Value
State Treasurer's Investment Pool	No rating	N/A	\$ 8,442,168
U.S. Government Agencies			
Federal Home Loan Bank	AAA	1/28/2011	997,944
Corporate Bond	AAA	12/16/2011	1,500,979
Corporate Bond	AA	3/22/2011	1,032,418
Corporate note	AA3	7/29/2010-6/1/2011	2,073,579
Corporate Bond	AA3	7/29/2010	3,098,235
Corporate note	A1	2/11/2011	1,340,928
Corporate Bonds	AA2	12/15/2010-11/15/2011	3,309,978
Corporate Bonds	A2	8/4/2010	421,242
Corporate note	A3	1/15/2011-2/01/2011	2,605,584
General Electric Capital Corporation	AA2	11/15/2011	1,048,975
FICO	N/A	9/7/2011	1,984,744
			<hr/>
Total			\$ 27,856,774

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. 30% 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 \$19,414,606 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: This is the risk that in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the County's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2010, none of the County's bank balances were exposed to credit risk.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

A. The County's deposits and investments at June 30, 2010, are as follows:

Cash on hand	\$ 51,438
Deposits with financial institutions	
Checking and saving accounts	3,210,769
Certificates of Deposit	13,359,870
Investments	<u>27,856,774</u>
Total cash and investments – all funds	<u>\$ 44,478,851</u>

B. Cash and Investments by fund:

Governmental activities

Governmental funds

General	\$ 2,764,779
General Road	32,606,579
Law Enforcement 4-Year Levy	756,836
Health	4,259,383
Other governmental funds	<u>1,725,076</u>
Total governmental funds	42,112,653

Proprietary fund

Internal Service	<u>287,980</u>
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Total governmental activities 42,400,633

Fiduciary fund

Agency	<u>2,078,218</u>
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Total cash and investments \$ 44,478,851

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

	General	General Road	Enforcement 4-Year Levy	Health	Governmental Funds	Internal Service	Agency	Totals
Property taxes	\$ 820,583	\$ -	\$ 1,334,587	\$ -	\$ -	\$ -	\$ 8,237,954	\$ 10,393,124
Accounts	-	32,883	-	790,735	12,871	-	760,603	1,597,092
Interest	14,797	175,680	4,078	22,839	3,057	1,552	-	222,003
Contracts and loans	-	-	-	-	95,945	-	-	95,945
Assessments	-	43,488	-	-	-	-	-	43,488
Gross receivables	835,380	252,051	1,338,665	813,574	111,873	1,552	8,998,557	12,351,652
Less allowance for uncollectible	-	-	-	(468,954)	-	-	-	(468,954)
Receivables, net	<u>\$ 835,380</u>	<u>\$ 252,051</u>	<u>\$ 1,338,665</u>	<u>\$ 344,620</u>	<u>\$ 111,873</u>	<u>\$ 1,552</u>	<u>\$ 8,998,557</u>	<u>\$ 11,882,698</u>

4. INTERFUND RECEIVABLES AND PAYABLES

Fund	Due from Other Funds	Due to Other Funds
General	\$ 54,225	\$ 21,010
General Road	-	37,369
Law Enforcement 4-Year Levy	-	25,600
Health	105,722	13,942
Other governmental funds	800	83,036
Internal service	20,210	-
	<u>\$ 180,957</u>	<u>\$ 180,957</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 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 ten-year period. During the year \$47,511 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. During the year \$13,760 of interest was paid to the Road Fund. The loan will be repaid over a ten-year period. New interfund loans between the General Fund and the Roads Fund during the current fiscal year amounted to \$890,000 for a new assessment and taxation system (\$420,000), a new District Attorney tracking system (\$300,00), and a new elevator in the County Courthouse (\$170,000). The combined balance of the interfund loans is \$2,786,679 as of June 30, 2010.

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	\$ 1,896,749	\$ 2,095,628
General Road	213,225	1,343,372
LE Fund	-	1,800
Health	1,246,975	-
Other Governmental Funds	935,690	851,839
	<u>\$ 4,292,639</u>	<u>\$ 4,292,639</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

	Balances June 30, 2009	Additions	Deletions	Balances June 30, 2010
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 16,756,667	\$ -	\$ -	\$ 16,756,667
Infrastructure	92,612,618	2,603,104	-	95,215,722
Construction in progress	2,455,295	917,337	1,114,042	2,258,590
Total capital assets not being depreciated	<u>111,824,580</u>	<u>3,520,441</u>	<u>1,114,042</u>	<u>114,230,979</u>
Capital assets being depreciated				
Buildings and improvements	44,973,514	258,588	-	45,232,102
Intangibles	377,021	166,980	-	544,001
Equipment	20,962,781	1,223,138	320,412	21,865,507
Infrastructure	20,365,861	1,259,025	-	21,624,886
Total capital assets being depreciated	<u>86,679,177</u>	<u>2,907,731</u>	<u>320,412</u>	<u>89,266,496</u>
Less accumulated depreciation for:				
Buildings and improvements	8,798,850	730,054	-	9,528,904
Intangibles	265,213	38,373	-	303,586
Equipment	12,588,404	1,331,881	284,482	13,635,803
Infrastructure	5,833,317	389,625	-	6,222,942
Total accumulated depreciation	<u>27,485,784</u>	<u>2,489,933</u>	<u>284,482</u>	<u>29,691,235</u>
Total capital assets, being depreciated, net	<u>59,193,393</u>	<u>417,798</u>	<u>35,930</u>	<u>59,575,261</u>
Governmental activities capital assets, net	<u>\$ 171,017,973</u>	<u>\$ 3,938,239</u>	<u>\$ 1,149,972</u>	<u>\$ 173,806,240</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	\$ 215,367
Local government services	16,101
Public safety	734,494
Health services	54,027
Community development	392,281
Highways and streets	<u>1,077,664</u>
 Total depreciation expense – governmental activities	 <u>\$ 2,489,934</u>

8. DUE TO OTHER GOVERNMENTS

At June 30, 2010 the internal service fund owed the State of Oregon \$38,776.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

During the year ended June 30, 2010, the following changes occurred with long-term obligations:

	Balances June 30, 2009	Additions	Reductions	Balances June 30, 2010	Balances Due Within One Year
Accumulated compensated absences	\$3,615,047	\$3,891,984	\$3,615,047	\$3,891,984	\$2,507,964
Notes	295,000	-	295,000	-	-
Totals	\$ 3,910,047	\$ 3,891,984	\$ 3,910,047	\$ 3,891,984	\$ 2,507,964

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, 2010, were \$256,324. Future minimum lease payments for the non cancelable leases are as follows.

	Year ending June 30,
2011	\$ 205,060
2012	153,794
2013	102,529
2014	51,264
2015	<u>38,448</u>
Total	\$ 551,095

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

B. Notes

- 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 obligation was paid in full with the current year payment of \$295,000.

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, 2010, amounts to \$1,050,000. A principal reduction of \$100,000 and interest payments totaling \$63,146 were paid in 2009-10 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 fiscal year 2009. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. POSTEMPLOYMENT HEALTHCARE BENEFIT: (Continued):

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.

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 years ended June 30, 2010 and 2009 the annual OPEB cost was equal to the ARC of \$442,852 and \$429,742, respectively, and the County's contributions were equal to the implicit rate subsidy of \$112,954 and \$92,145, respectively. The County's net OPEB obligation as of June 30, 2010 and 2009 was \$667,495 and \$337,597 respectively (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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. POSTEMPLOYMENT HEALTHCARE BENEFIT: (Continued):

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 percent, projected salary increases of 3 percent per year, and a healthcare cost trend rate of 10 percent initially, and reduced by decrements to an ultimate rate of 5 percent after twelve years. The UAAL is being amortized over an open period of 30 years as a level percentage.

12. FUND BALANCES – UNRESERVED, DESIGNATED

Unreserved fund balances at June 30, 2010 have been designated by the Board of County Commissioners as follows:

General Fund

For beginning 2010-11 cash balances appropriated to specific projects and departments \$ 1,531,872

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLAN (continued)

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.

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 2009-10, 2010-2011 rates were based on a December 31, 2007 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 2009-10, the County's annual pension cost of \$3,857,567 was equal to the County's required and actual contributions. The County also paid the employees' share amounting to \$1,974,370. 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
2008	\$ 4,300,126	100%	-
2009	4,475,926	100%	-
2010	3,857,567	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)	<u>2,298,811</u>	<u>15,881,762</u>	<u>22,881,040</u>
Excess AVA over AAL (a-b)			<u>3,158,764</u>
Funded percent (a/b)	<u>99%</u>	<u>89%</u>	<u>83%</u>
Covered payroll (c)	<u>\$ 30,341,309</u>	<u>\$ 27,612,228</u>	<u>\$ 26,111,521</u>
Unfunded actuarial accrued liability as a Percentage of covered payroll [(b-a)/c]	<u>8%</u>	<u>58%</u>	<u>87%</u>

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 \$134,751 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>
2007-08	15,966	289,531	169,053	136,444
2008-09	136,444	73,918	112,837	97,523
2009-10	97,523	(7,792)	224,482	134,751

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, 2010.

	<u>Spent to date</u>	<u>Remaining Commitments</u>
Financial Accounting Software	\$ 476,618	\$ 383,383
Bridge/ Road Improvement	1,512,447	14,000,000
Assessor/Tax Collection	219,276	200,000
Roads Building shop	<u>50,249</u>	<u>15,000</u>
Totals	<u>\$ 2,258,590</u>	<u>\$ 14,598,383</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 drawn downs beginning July 1, 2010. All advances must be repaid by May 31, 2011.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. FUND DEFICITS

At June 30, 2010, General Fund had a deficit fund balance of (\$1,188,345). The General Fund has an interfund loan balance with the Roads Fund of \$2,786,679 as of June 30, 2010 which represents the reason for the deficit. The loans will be paid back with general fund revenue over the next nine years.

At June 30, 2010, the Law Enforcement 4-Year Levy Fund had a deficit fund balance of (\$402,586) primarily due to recording the accrued payroll.

At June 30, 2010, the Dog Control fund had a deficit fund balance of (\$22,717) 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 34.40 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 - 2006-2010

Fiscal Year (Ending June 30)					
	2009-10	2008-09	2007-08	2006-07	2005-06
Arterials					
Planned	\$ 162,443	\$ 186,401	\$ 156,604	\$ 185,056	\$ 175,463
Actual	\$ 159,770	\$ 195,084	\$ 132,375	\$ 171,100	\$ 161,000
Collectors					
Planned	\$ 3,101,880	\$ 3,559,366	\$ 2,990,394	\$ 3,533,679	\$ 3,350,508
Actual	\$ 3,050,839	\$ 3,725,170	\$ 2,527,741	\$ 3,267,192	\$ 3,074,321
Local					
Planned	\$ 4,471,038	\$ 5,130,458	\$ 4,310,343	\$ 5,093,433	\$ 4,829,411
Actual	\$ 4,397,469	\$ 5,369,447	\$ 3,643,477	\$ 4,709,320	\$ 4,431,316
Total Planned	\$ 7,735,361	\$ 8,876,225	\$ 7,457,341	\$ 8,812,168	\$ 8,355,382
Total Actual	\$ 7,608,077	\$ 9,289,701	\$ 6,303,594	\$ 8,147,612	\$ 7,666,637
Difference	\$ 127,283	\$ (413,476)	\$ 1,153,748	\$ 664,555	\$ 688,745

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

Linn County Road Department

Functional Class	Pavement Condition Index (weighted average)		
	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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

LINN COUNTY

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2010

	<u>Special Revenue</u>	<u>Debt Service Bonded Debt Service</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,725,076	\$ -	\$ 1,725,076
Receivables, net of allowance for doubtful accounts	111,873	-	111,873
Due from other funds	800	-	800
Due from other governments	<u>145,003</u>	<u>-</u>	<u>145,003</u>
TOTAL ASSETS	<u>\$ 1,982,752</u>	<u>\$ -</u>	<u>\$ 1,982,752</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 198,932	\$ -	\$ 198,932
Due to other funds	83,036	-	83,036
Deferred revenue	107,040	-	107,040
Payroll, payroll taxes, and benefits payable	<u>144,242</u>	<u>-</u>	<u>144,242</u>
TOTAL LIABILITIES	<u>533,250</u>	<u>-</u>	<u>533,250</u>
<u>FUND BALANCES</u>			
Unreserved	<u>1,449,502</u>	<u>-</u>	<u>1,449,502</u>
TOTAL FUND BALANCES	<u>1,449,502</u>	<u>-</u>	<u>1,449,502</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,982,752</u>	<u>\$ -</u>	<u>\$ 1,982,752</u>

The Debt Service Fund was closed during the current fiscal year

LINN COUNTY
COMBINING STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	Special Revenue	<u>Debt Service</u> Bonded Debt Service	<u>Totals</u>
REVENUES			
Property taxes	\$ -	-	\$ -
Intergovernmental	6,954,817	-	6,954,817
Licenses, permits, fines and services	1,265,696	-	1,265,696
Interest earnings	23,001	-	23,001
Miscellaneous	331	-	331
	<u>8,243,845</u>	<u>-</u>	<u>8,243,845</u>
TOTAL REVENUES			
EXPENDITURES			
Public safety	2,982,060	-	2,982,060
Health services	64,317	-	64,317
Community development	2,902,883	-	2,902,883
Apportionments to school districts	2,667,222	-	2,667,222
Debt service:			
Principal	295,000	-	295,000
Interest	12,832	-	12,832
	<u>8,924,314</u>	<u>-</u>	<u>8,924,314</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>(680,469)</u>	<u>-</u>	<u>(680,469)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	935,690	-	935,690
Transfers out	<u>(785,839)</u>	<u>(66,000)</u>	<u>(851,839)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>149,851</u>	<u>(66,000)</u>	<u>83,851</u>
Net change in fund balances	(530,618)	(66,000)	(596,618)
Fund balances (deficit) at beginning of year	<u>1,980,120</u>	<u>66,000</u>	<u>2,046,120</u>
Fund balances at end of year	<u>\$ 1,449,502</u>	<u>\$ -</u>	<u>\$ 1,449,502</u>

The Debt Service Fund was closed during the current fiscal year

LINN COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010

	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	\$ 110,911	\$ 9,738	\$ 258,411	\$ 567,560	\$ 297,119	\$ 250,194	\$ 48,310	\$ 365	\$ -	\$ 182,468	\$ -	\$ 1,725,076
Receivables, net of allowance for doubtful accounts	-	-	12,871	99,002	-	-	-	-	-	-	-	111,873
Due from other funds	-	-	-	800	-	-	-	-	-	-	-	800
Due from other governments	-	-	-	140,517	4,486	-	-	-	-	-	-	145,003
TOTAL ASSETS	\$ 110,911	\$ 9,738	\$ 271,282	\$ 807,879	\$ 301,605	\$ 250,194	\$ 48,310	\$ 365	\$ -	\$ 182,468	\$ -	\$ 1,982,752
LIABILITIES												
Accounts payable	\$ 14,179	\$ 736	\$ 536	\$ 183,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,932
Due to other funds	1,921	26	17	81,054	-	18	-	-	-	-	-	83,036
Deferred revenue	-	-	-	107,040	-	-	-	-	-	-	-	107,040
Payroll, payroll taxes and benefits payable	-	31,693	3,127	109,422	-	-	-	-	-	-	-	144,242
TOTAL LIABILITIES	16,100	32,455	3,680	480,997	-	18	-	-	-	-	-	533,250
FUND BALANCES - unreserved	94,811	(22,717)	267,602	326,882	301,605	250,176	48,310	365	-	182,468	-	1,449,502
TOTAL LIABILITIES AND FUND BALANCES	\$ 110,911	\$ 9,738	\$ 271,282	\$ 807,879	\$ 301,605	\$ 250,194	\$ 48,310	\$ 365	\$ -	\$ 182,468	\$ -	\$ 1,982,752

LINN COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2010**

	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	\$ 41,963	\$ -	\$ -	\$ 2,562,763	\$ 53,950	\$ 684,826	\$ -	\$ -	\$ -	\$ 2,666,565	\$ 766,733	\$ 178,017	\$ 6,954,817
Licenses, permits, fines and services	283,573	211,591	126,686	643,846	-	-	-	-	-	-	-	-	1,265,696
Interest earnings	878	231	3,714	6,939	5,080	-	3,911	719	181	516	-	832	23,001
Miscellaneous	-	-	-	-	-	-	-	331	-	-	-	-	331
TOTAL REVENUES	326,414	211,822	130,400	3,213,548	59,030	684,826	3,911	1,050	181	2,667,081	766,733	178,849	8,243,845
EXPENDITURES													
Public safety	-	423,179	130,610	1,413,218	-	684,826	-	-	-	-	330,227	-	2,982,060
Health services	-	-	-	-	-	-	-	-	-	-	-	64,317	64,317
Community development	365,988	-	-	2,232,345	254,539	-	26,672	-	23,339	-	-	-	2,902,883
Apportionments to school districts	-	-	-	-	-	-	-	-	-	2,667,222	-	-	2,667,222
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	295,000	295,000
Interest	-	-	-	-	-	-	-	-	-	-	-	12,832	12,832
TOTAL EXPENDITURES	365,988	423,179	130,610	3,645,563	254,539	684,826	26,672	-	23,339	2,667,222	330,227	372,149	8,924,314
Excess (deficiency) of revenues over expenditures	(39,574)	(211,357)	(210)	(432,015)	(195,509)	-	(22,761)	1,050	(23,158)	(141)	436,506	(193,300)	(680,469)
OTHER FINANCING SOURCES (USES)													
Transfers in	45,000	204,469	4,201	371,700	-	-	173,237	-	-	-	53,133	83,950	935,690
Transfers out	(15,000)	-	-	(1,916)	-	-	(159,659)	-	-	-	(580,833)	(28,431)	(785,839)
TOTAL OTHER FINANCING SOURCES (USES)	30,000	204,469	4,201	369,784	-	-	13,578	-	-	-	(527,700)	55,519	149,851
Net change in fund balances	(9,574)	(6,888)	3,991	(62,231)	(195,509)	-	(9,183)	1,050	(23,158)	(141)	(91,194)	(137,781)	(530,618)
Fund balances at beginning 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
Fund balances (deficit) at end of year	\$ 94,811	\$ (22,717)	\$ 267,602	\$ 326,882	\$ 301,605	\$ -	\$ 250,176	\$ 48,310	\$ 365	\$ -	\$ 182,468	\$ -	\$ 1,449,502

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

**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, 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
Oregon State Lottery distribution	\$ 50,000	\$ 41,963	\$ (8,037)
Parking fees	16,000	18,604	2,604
Sponsorship fees	110,000	139,902	29,902
Gate fees, carnival fees, entry fees	76,400	60,239	(16,161)
Booth revenues, contracts, miscellaneous	54,000	64,828	10,828
Interest earnings	-	878	878
	306,400	326,414	20,014
EXPENDITURES			
Materials and services	358,500	358,474	26
Excess (deficiency) of revenues over expenditures	(52,100)	(32,060)	20,040
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	45,000	45,000	-
Transfer to General Fun	(15,000)	(15,000)	-
Net change in fund balance	(22,100)	(2,060)	20,040
Fund balance at beginning of year	22,100	112,971	90,871
Fund balance at end of year		110,911	\$ 110,911
Reconciliation to GAAP basis:			
Due to other Funds		(1,921)	
Accounts payable		(14,179)	
Fund balance (GAAP basis) at end of year		\$ 94,811	

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, 2010

	Budget Original/Final	Actual	Variance
REVENUES			
Dog licenses and penalties	\$ 189,000	\$ 162,647	\$ (26,353)
Dog fees - miscellaneous	57,637	40,999	(16,638)
Grants	9,500	7,945	
Interest earnings	<u>1,200</u>	<u>107</u>	<u>(1,093)</u>
TOTAL REVENUES	<u>257,337</u>	<u>211,698</u>	<u>(44,084)</u>
EXPENDITURES			
Personal services	374,608	373,658	950
Materials and services	<u>98,061</u>	<u>48,644</u>	<u>49,417</u>
TOTAL EXPENDITURES	<u>472,669</u>	<u>422,302</u>	<u>50,367</u>
Excess (deficiency) of revenues over expenditures	(215,332)	(210,604)	4,728
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	<u>204,469</u>	<u>204,469</u>	<u>-</u>
Net change in fund balance	(10,863)	(6,135)	4,728
Fund balance at beginning of year	<u>10,863</u>	<u>14,790</u>	<u>3,927</u>
Fund balance at end of year	<u>\$ -</u>	<u>8,655</u>	<u>\$ 8,655</u>
Reconciliation to GAAP basis:			
FMV Adjustment		1,083	
Accounts payable		(736)	
Due to other fund		(26)	
Payroll, payroll taxes and benefits payable		<u>(31,693)</u>	
Fund (deficit) (GAAP basis) at end of year		<u>\$ (22,717)</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, 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
Law library fees	\$ 100,000	\$ 121,877	\$ 21,877
Research and card fees	5	80	75
Interest earnings	4,000	3,714	(286)
Miscellaneous	<u>5</u>	<u>-</u>	<u>(5)</u>
TOTAL REVENUES	<u>104,010</u>	<u>125,671</u>	<u>21,661</u>
EXPENDITURES			
Personal services	36,535	36,434	101
Materials and services	115,250	69,423	45,827
Indirect cost allocation	28,334	28,334	-
Capital outlay	125,014	-	125,014
Contingency	<u>60,000</u>	<u>-</u>	<u>60,000</u>
TOTAL EXPENDITURES	<u>365,133</u>	<u>134,191</u>	<u>230,942</u>
Excess (deficiency) of revenues over expenditures	(261,123)	(8,520)	252,603
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	<u>3,500</u>	<u>4,201</u>	<u>701</u>
Net change in fund balance	(257,623)	(4,319)	253,304
Fund balance at beginning of year	<u>257,623</u>	<u>262,730</u>	<u>5,107</u>
Fund balance at end of year	<u>\$ -</u>	258,411	<u>\$ 258,411</u>
Reconciliation to GAAP basis:			
Accounts receivable		12,871	
Accounts payable		(536)	
Due to other fund		(17)	
Payroll, payroll taxes and benefits payable		<u>(3,127)</u>	
Fund balance (GAAP basis) at end of year		<u>\$ 267,602</u>	

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, 2010

REVENUES	Budget		Actual	Variance
	Original	Final		
Commissioners:				
Commissioners' grants	\$ 203,500	\$ -	\$ 176,184	\$ (27,316)
Earnings on deposits	1,200	1,200	2,737	1,537
Reimbursements and miscellaneous fees	175,216	175,216	287,775	112,559
Parks:				
Rental payments	9,600	9,600	9,600	-
Reimbursements	5,000	5,000	-	(5,000)
Donations/ Gifts	5,000	5,000	200	(4,800)
Grants	749,000	749,000	328,110	(420,890)
Earnings on deposits	4,550	4,550	1,452	(3,098)
Marine gas tax	62,500	62,500	62,500	-
RV license fees	329,000	329,000	326,178	(2,822)
Fair	23,500	23,500	27,033	3,533
Sheriff grants	201,201	151,001	225,877	(126,325)
District attorney grants	247,505	400,229	412,411	(235,323)
Juvenile:				
Grants	301,516	106,206	328,871	(78,851)
Matching funds	-	1,111	1,111	-
Children and families:				
Grants	984,428	15,000	864,312	(135,116)
Title XIX	70,000	35,000	60,831	(44,169)
Earnings on deposits	4,000	4,000	1,433	(2,567)
Linn Benton Mediation Grant	81,600	81,600	89,096	7,496
Earnings on deposit	2,800	2,800	1,317	(1,483)
General services	-	43,125	-	(43,125)
TOTAL REVENUES	3,461,116	751,672	3,207,028	(1,005,760)

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	\$ 486,978	\$ -	\$ 486,978	\$ 356,013	\$ 130,965
Veteran's services	13,316		13,316	2,738	10,578
Parks grants	1,335,458		1,335,458	793,277	542,181
Fair	50,000		50,000	27,745	22,255
Sheriff	571,870	151,001	722,871	316,694	406,177
District attorney grants	267,037	677,022	944,059	755,411	188,648
Juvenile high risk	260,208	107,317	367,525	337,525	30,000
Children and families	1,070,037	50,000	1,120,037	917,749	202,288
Linn Benton mediation grant	114,686		114,686	85,684	29,002
General Services	-	43,125	43,125	36,419	6,706
TOTAL EXPENDITURES	4,169,590	1,028,465	5,198,055	3,629,255	1,568,800
Excess (deficiency) of revenues over expenditures	(708,474)	(276,793)	(985,267)	(422,227)	563,040
OTHER FINANCING SOURCES (USES):					
Transfers in	71,700	300,000	371,700	371,700	-
Transfers out	(58,869)	-	(58,869)	(1,916)	56,953
Total other financing sources (uses)	12,831		312,831	369,784	56,953
Net change in fund balance	(695,643)		(672,436)	(52,443)	619,993
Fund balance of beginning of year	695,643	(23,207)	672,436	619,358	(53,078)
Fund balance at end of year	\$ -		\$ -	566,915	\$ 566,915
Reconciliation to GAAP basis:					
FMV adjustment				645	
Due from other governments and available				132,479	
Due from other funds				800	
Accounts payable				(183,481)	
Due to other funds				(81,054)	
Payroll, payroll taxes and benefits payable				(109,422)	
Fund balance (GAAP basis) at end of year				\$ 326,882	

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, 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
Motor vehicle apportionments	\$ 54,622	\$ 53,523	\$ (1,099)
Interest earnings	15,000	6,540	(8,460)
TOTAL REVENUES	69,622	60,063	(9,559)
EXPENDITURES			
Capital outlay	579,622	254,539	325,083
Net change in fund balance	(510,000)	(194,476)	315,524
Fund balance at beginning of year	510,000	491,595	(18,405)
Fund balance at end of year	\$ -	297,119	\$ 297,119
Reconciliation to GAAP basis:			
Accounts Receivable		4,486	
Fund balance (GAAP basis) at end of year		\$ 301,605	

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, 2010**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
9-1-1 emergency communications tax	\$ 200,000	\$ 245,754	\$ 45,754
Cities' 9-1-1 emergency communication tax	<u>750,000</u>	<u>439,072</u>	<u>(310,928)</u>
TOTAL REVENUES	950,000	684,826	(265,174)
EXPENDITURES			
Materials and services	<u>950,000</u>	<u>684,826</u>	<u>265,174</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, 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
Interest earnings	\$ 3,100	\$ 3,911	\$ 811
TOTAL REVENUES	<u>3,100</u>	<u>3,911</u>	<u>811</u>
EXPENDITURES			
Materials and services, and indirect cost	67,875	26,672	41,203
Capital outlay	9,065	-	9,065
Contingency	61,408	-	61,408
Reserve for Future Years			
TOTAL EXPENDITURES	<u>138,348</u>	<u>26,672</u>	<u>111,676</u>
Excess (deficiency) of revenues over expenditures	(135,248)	(22,761)	112,487
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund - Clerks Office	204,000.00	173,237.00	(30,763)
Transfer to Surveyor Contract/GIS Contract	(289,000.00)	(159,659.00)	129,341
Total other financing sources (uses)	<u>(85,000.00)</u>	<u>13,578.00</u>	<u>98,578</u>
Net change in fund balance	(220,248)	(9,183)	211,065
Fund balance at beginning of year	<u>220,248</u>	<u>259,377</u>	<u>39,129</u>
Fund balance at end of year	\$ <u>-</u>	250,194	\$ <u>250,194</u>
Reconciliation to GAAP basis:			
Due to other Funds		(18)	
Accounts payable		-	
Fund balance (GAAP basis) at end of year		\$ <u>250,176</u>	

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, 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
Interest earnings	\$ 1,510	\$ 719	\$ (791)
Donations and gifts	4,000	330	(3,670)
TOTAL REVENUES	5,510	1,049	(4,461)
EXPENDITURES			
Personal services	6	-	6
Material and services	1,562	-	1,562
Capital outlay	44,494	-	44,494
TOTAL EXPENDITURES	46,062	-	46,062
Net change in fund balance	(40,552)	1,049	41,601
Fund balance at beginning of year	40,552	47,261	6,709
Fund balance at end of year	\$ -	48,310	\$ 48,310
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		\$ 48,310	

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 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
Timber sales	\$ 200,000	\$ -	\$ (200,000)
Interest earnings	3,000	181	(2,819)
TOTAL REVENUES	<u>203,000</u>	<u>181</u>	<u>(202,819)</u>
EXPENDITURES			
Personal services	12	-	12
Materials and services	23,165	-	23,165
Capital outlay	204,823	23,340	181,483
TOTAL EXPENDITURES	<u>228,000</u>	<u>23,340</u>	<u>204,660</u>
Net change in fund balance	(25,000)	(23,159)	1,841
Fund balance at beginning of year	25,000	23,524	(1,476)
Fund balance at end of year	<u>\$ -</u>	<u>365</u>	<u>\$ 365</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 365</u>	

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, 2010**

	Budget Original/Final	Actual	Variance
REVENUES			
State forest land sales	\$ 2,000,000	\$ 620,310	\$ (1,379,690)
Federal forest land sales	2,500,000	1,961,347	(538,653)
Private Car Co Tax		2,592	2,592
Electric co-op tax	65,000	82,316	17,316
Interest earnings	6,000	516	(5,484)
TOTAL REVENUES	4,571,000	2,667,081	(1,903,919)
EXPENDITURES			
Distribution payments	4,571,000	2,667,222	1,903,778
Net change in fund balance	-	(141)	-
Fund balance at beginning of year	-	141	-
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 BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FEDERAL FOREST - SPECIAL REVENUE FUND
Year Ended June 30, 2010**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal Forest /PL 106-393/ Title III	\$ -	\$ -	\$ -
EXPENDITURES			
Materials and services	<u>74,000</u>	<u>-</u>	<u>74,000</u>
Excess (deficiency) of revenues over expenditures	(74,000)	-	74,000
OTHER FINANCING SOURCES (USES):			
Transfer out	<u>(146,000)</u>	<u>(146,000)</u>	<u>-</u>
Net change in fund balance	(220,000)	(146,000)	74,000
Fund balance at beginning of year	<u>220,000</u>	<u>220,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	74,000	<u>\$ 74,000</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 74,000</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, 2010**

	<u>Budget</u> Original/Final	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal Forest	\$ 820,228	\$ 819,867	\$ (361)
EXPENDITURES			
Materials and services	<u>383,361</u>	<u>330,228</u>	<u>53,133</u>
Excess (deficiency) of revenues over expenditures	436,867	489,639	52,772
OTHER FINANCING SOURCES (USES):			
Transfer out	53,133	53,133	
Transfer out	<u>(540,000)</u>	<u>(434,833)</u>	<u>105,167</u>
Net change in fund balance	(50,000)	107,939	157,939
Fund balance at beginning of year	<u>50,000</u>	<u>528</u>	<u>(49,472)</u>
Fund balance at end of year	<u>\$ -</u>	<u>108,467</u>	<u>\$ 108,467</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 108,467</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, 2010**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Rentals	\$ 194,200	\$ 194,200	\$ 178,017	\$ (16,183)
Earnings on deposits	600	600	832	232
TOTAL REVENUES	<u>194,800</u>	<u>194,800</u>	<u>178,849</u>	<u>(15,951)</u>
EXPENDITURES				
Materials and services	72,350	72,350	68,066	4,284
Debt service	158,700	307,833	307,832	1
TOTAL EXPENDITURES	<u>231,050</u>	<u>380,183</u>	<u>375,898</u>	<u>4,285</u>
Excess (deficiency) of revenues over expenditures	(36,250)	(185,383)	(197,049)	(11,666)
OTHER FINANCING SOURCES (USES)				
Transfer in	83,950	83,950	83,950	-
Transfer out	(68,700)	(68,700)	(28,431)	40,269
Net change in fund balance	(21,000)	(170,133)	(141,530)	28,603
Fund balance at beginning of year	21,000	170,133	141,530	(28,603)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:				
Fund balance (GAAP basis) at end of year			<u>\$ -</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, 2010**

REVENUES	Budget Original/Final	Actual	Variance
TOTAL REVENUES	-	-	-
 EXPENDITURES			
TOTAL EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
 OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(66,000)	(66,000)	-
Total other financing sources (uses)	(66,000)	(66,000)	-
Net change in fund balance	(66,000)	(66,000)	-
Fund balance at beginning of year	66,000	66,000	-
Fund balance at end of year	<u>\$ -</u>	-	<u>\$ -</u>
 Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ -</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, 2010**

	Budget	Actual	Variance
REVENUES			
Reimbursements	\$ 220,000	\$ 233,532	\$ 13,532
Interest earnings	20,000	4,561	(15,439)
TOTAL REVENUES	240,000	238,093	(1,907)
EXPENDITURES			
Program management	3,500	1,200	2,300
Claim payments	350,000	175,704	174,296
Contingency	191,500	-	191,500
TOTAL EXPENDITURES	545,000	176,904	368,096
Excess (deficiency) of revenues over expenditures	(305,000)	61,189	(370,003)
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(90,000)	(90,000)	-
Transfer from General Fund	-	-	-
Total other financing sources (uses)	(90,000)	(90,000)	-
Net change in fund balance	(395,000)	(28,811)	(370,003)
Fund balance at beginning of year	395,000	316,464	-
Fund balance at end of year	\$ -	287,653	\$ (370,003)
Reconciliation to GAAP basis:			
Fair value adjustment		327	
Interest Receivable		1,552	
Due from other funds and available		20,210	
Due to other governments		(38,776)	
Claims liability		(134,751)	
Net assets at end of year		\$ 136,215	

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, 2010

	Balances June 30, 2009	Additions	Deductions	Balances June 30, 2010
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 1,362,245	\$ 118,258,384	\$ 118,466,441	\$ 1,154,188
<u>Liabilities</u>				
Amounts held in trust	\$ 1,362,245	\$ 118,258,384	\$ 118,466,441	\$ 1,154,188
 Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 349,509	\$ 4,274,863	\$ 4,389,145	\$ 235,227
Accounts receivable	488,477	469,597	488,477	469,597
Total assets	<u>\$ 837,986</u>	<u>\$ 4,744,460</u>	<u>\$ 4,877,622</u>	<u>\$ 704,824</u>
<u>Liabilities</u>				
Due to other governments	\$ 488,477	469,597	488,477	\$ 469,597
Amounts held in trust	349,509	\$ 4,274,863	\$ 4,389,145	235,227
Total liabilities	<u>\$ 837,986</u>	<u>\$ 4,744,460</u>	<u>\$ 4,877,622</u>	<u>\$ 704,824</u>
 Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 924,548	\$ 191,964,391	\$ 192,463,104	\$ 425,835
Property taxes receivable	7,557,099	101,090,557	100,409,702	8,237,954
Total assets	<u>\$ 8,481,647</u>	<u>\$ 293,054,948</u>	<u>\$ 292,872,806</u>	<u>\$ 8,663,789</u>
<u>Liabilities</u>				
Due to other governments	\$ 488,477	469,597	\$ 488,477	\$ 469,597
Amounts held in trust	7,993,170	113,890,498	113,689,476	8,194,192
Total liabilities	<u>\$ 8,481,647</u>	<u>\$ 114,360,095</u>	<u>\$ 114,177,953</u>	<u>\$ 8,663,789</u>

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

	Balances June 30, 2009	Additions	Deductions	Balances June 30, 2009
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 112,294	\$ 809,208	\$ 762,353	\$ 159,149
Accounts receivable	315,851	291,006	315,851	291,006
Total assets	<u>\$ 428,145</u>	<u>\$ 1,100,214</u>	<u>\$ 1,078,204</u>	<u>\$ 450,155</u>
<u>Liabilities</u>				
Due to other governments	\$ 23,609	\$ 33,175	\$ 23,609	\$ 33,175
Amounts held in trust	404,536	1,036,157	1,023,713	416,980
Total liabilities	<u>\$ 428,145</u>	<u>\$ 1,069,332</u>	<u>\$ 1,047,322</u>	<u>\$ 450,155</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 75,499	\$ 816,254	\$ 787,934	\$ 103,819
Due from other governments	65,392	81,057	65,392	81,057
Total assets	<u>\$ 140,891</u>	<u>\$ 897,311</u>	<u>\$ 853,326</u>	<u>\$ 184,876</u>
<u>Liabilities</u>				
Accounts payable	\$ 24,930	\$ 48,088	\$ 24,930	\$ 48,088
Amounts held in trust	115,961	849,223	828,396	136,788
Total liabilities	<u>\$ 140,891</u>	<u>\$ 897,311</u>	<u>\$ 853,326</u>	<u>\$ 184,876</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 2,824,095	\$ 316,123,100	\$ 316,868,977	\$ 2,078,218
Property taxes receivable	7,557,099	101,090,557	100,409,702	8,237,954
Accounts receivable	804,328	760,603	804,328	760,603
Due from other governments	65,392	81,057	65,392	81,057
Total assets	<u>\$ 11,250,914</u>	<u>\$ 418,055,317</u>	<u>\$ 418,148,399</u>	<u>\$ 11,157,832</u>
<u>Liabilities</u>				
Accounts payable	\$ 24,930	\$ 48,088	\$ 24,930	\$ 48,088
Due to other governments	1,000,563	972,369	1,000,563	972,369
Amounts held in trust	10,225,421	238,309,125	238,397,171	10,137,375
Total liabilities	<u>\$ 11,250,914</u>	<u>\$ 239,329,582</u>	<u>\$ 239,422,664</u>	<u>\$ 11,157,832</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, 2010**

	Assessor	Clerk	Commis- sioners	District Attorney	Justice Courts Central Linn/ Lebanon	Sheriff	Surveyor	Tax Collector	Treasurer	Totals
On hand - June 30, 2009	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 98,102	\$ 6,359	\$ 50	\$ 650	\$ 49,574,544	\$ 49,682,825
Receipts	792,125	844,653	671,154	594,638	809,208	4,386,293	854,353	118,258,384	184,595,186	311,805,994
Turnovers and disbursements:										
To County Treasurer	(792,125)	(844,653)	(671,154)	(594,638)	(596,702)	(4,346,809)	(854,353)	(118,258,384)	(190,012,997)	(316,971,815)
To Others	-	-	-	-	(197,302)	-	-	-	-	(197,302)
On hand - June 30, 2010 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 113,306</u>	<u>\$ 45,843</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 44,156,733</u>	<u>\$ 44,319,702</u>
(1) Consists of:										
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,714,174	\$ 35,714,174
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	8,441,875	8,441,875
Due to County Treasurer	-	-	-	-	82,976	45,843	-	-	-	128,819
Due to State of Oregon	-	-	-	-	30,180	-	-	-	-	30,180
Change and revolving funds	870	200	50	2,000	150	-	50	650	684	4,654
Totals	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 113,306</u>	<u>\$ 45,843</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 44,156,733</u>	<u>\$ 44,319,702</u>

LINN COUNTY

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2010**

Tax Year	Receivable July 1, 2009	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable June 30, 2010
2009-10		127,350,160	(3,196,611)	122,810	118,258,384	(525,825)	5,492,150
2008-09	5,774,502	0	7,874	376,005	2,652,275	(655,949)	2,850,157
2007-08	2,242,443		1,988	311,500	967,503	(385,076)	1,203,352
2006-07	956,484		293	209,411	432,005	(225,715)	508,468
2005-06	375,691		311	137,513	227,277	(153,752)	132,486
2004-05	103,148		247	13,507	3,435	(27,376)	86,091
2003-04	39,484		151	10,035	2,209	(20,574)	26,887
prior years	108,272		0	15,163	13,246	(16,659)	93,530
Totals	\$ 9,600,024	\$ 127,350,160	\$ (3,185,747)	\$ 1,195,944	\$ 122,556,334	\$ (2,010,926)	\$ 10,393,121

Fund	
General	\$ 820,582
Law Enforcement 4-Year Levy	1,334,586
Agency	8,237,953
Total	\$ 10,393,121



STATISTICAL SECTION

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the Linn County.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's capacity to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the County provides and the activities it performs.

Linn County
Net Assets by Component
Last Seven 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>	<u>2010</u>
Primary government activities							
Invested in capital assets, net of related debt	139,944	144,132	151,247	160,222	166,879	170,723	173,806
Restricted	469	5,991	4,239	4,723	553	0	3,250
Unrestricted	36,156	39,953	40,843	36,252	39,634	42,598	35,745
Total Primary government net assets	<u>176,569</u>	<u>190,076</u>	<u>196,329</u>	<u>201,197</u>	<u>207,066</u>	<u>213,321</u>	<u>212,801</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 Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2004	2005	2006	Fiscal Year 2007	2008	2009	2010
Expenses							
Governmental Activities							
General administration and support	\$ 4,665	\$ 4,607	\$5,757	\$ 6,730	\$ 6,025	\$7,595	\$6,569
Local government services	2,820	3,006	3,152	3,362	3,389	3,565	3,442
Public safety	23,030	23,615	25,073	26,417	27,628	31,132	32,367
Health services	15,976	17,047	17,974	19,119	15,344	16,502	17,566
Community development	6,153	6,651	6,149	7,101	6,643	7,775	8,289
Highways and streets	9,863	10,642	12,584	9,449	11,604	12,032	12,597
Apportionments to school districts	3,456	3,695	0	2,928	2,851	2,676	2,667
Interest on long term debt	271	163	113	79	54	24	13
Total primary government expenses	66,234	69,424	70,802	75,185	73,538	81,301	83,490
Program Revenues							
Governmental Activities							
Fees, Fines, and Charges for service	10,029	10,741	11,822	11,549	11,413	11,057	11,229
Operating Grants and Contributions	35,490	35,021	36,323	36,822	34,830	41,017	34,500
Capital Grants and Contributions	82	6,349	677	0	0	0	0
Total program revenues	\$ 45,601	\$ 52,111	\$48,822	\$48,371	\$46,243	\$52,074	\$45,729
General Revenue change in Net Assets	\$ (20,633)	\$ (17,313)	(\$21,980)	(\$26,814)	(\$27,295)	(\$29,227)	(\$37,761)
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	25,285
Interest and investment earnings	498	882	1,717	2,360	1,930	1,082	479
Capital contribution	0	(460)	(246)	0	0	0	0
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	11,478
Total primary governmental activities	27,478	30,907	28,232	31,034	33,812	35,481	37,242
Change in Net Assets							
Governmental activities	\$6,845	\$13,593	\$6,252	4,220	6,517	6,254	(519)

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)

Fiscal Year	Property Taxes	Intergovernmental	Charges for Services	Licenses, Permits and Fines	Interest and Miscellaneous	Total
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
2010	25,284	45,360	6,667	4,445	1,215	82,971

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 764	\$ 81	\$ 383	\$ 780	\$ 242	\$ -	\$ -	\$ (1,188)	\$ -	\$ 1,532
Unreserved	984	2,592	688	2,501	3,776	2,856	(598)	741	(743)	(2,720)
Total general fund	<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>	<u>(1,188)</u>
All other governmental funds										
Reserved	3,753	2,913	4,735	4,456	6,733	5,232	5,738	2,094	1,580	1,719
Unreserved, reported in:										
Special revenue funds	0	0	2,439	28,799	32,033	36,726	35,719	37,797	42,576	40,026
Capital projects funds	258	260	(830)	(409)	6	0	0	0	0	0
Undesignated funds	30,980	34,403	25,857	0	2,416	0	0	0	0	0
Total all other governmental funds	<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>	<u>\$41,745</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	15,716	15,769	16,268	17,896	18,958	19,966	21,434	24,506	24,961	25,170
Licenses and Permits	4,548	4,863	5,062	5,047	4,514	5,197	5,342	6,632	6,630	6,631
Intergovernmental	39,819	47,602	44,610	45,497	55,218	47,277	45,708	43,082	47,819	45,360
Charges for services	3,161	3,380	3,517	3,508	3,137	3,611	3,712	3,049	4,607	4,421
Investment earnings	2,623	1,253	1,061	399	872	1,521	2,614	1,889	1,054	487
Miscellaneous	315	534	442	408	372	518	720	909	1,358	727
Total revenues	66,182	73,401	70,960	72,755	83,070	78,090	79,530	80,067	86,429	82,796
Expenditures										
General government	6,752	7,207	7,438	7,009	7,515	8,651	9,897	9,025	9,957	9,179
Public Safety	19,904	21,607	26,816	23,838	23,544	24,982	26,451	27,485	30,267	31,908
Health Services	16,966	17,423	17,896	15,919	16,950	17,892	19,023	15,288	16,387	17,419
Community development	6,442	6,353	6,590	6,450	7,008	6,884	7,053	8,343	7,769	7,904
Highways and streets	10,946	12,612	14,244	12,162	14,208	15,404	15,832	16,488	15,905	16,267
Apportionments to school districts	2,266	3,105	3,661	3,456	3,695	3,472	2,928	2,851	2,676	2,667
Purchase of Land							1,450	-	-	-
Capital outlay								-	-	-
Debt service										
Principal	1,374	1,198	751	796	908	932	840	759	663	295
Interest	523	442	381	271	163	113	79	54	25	13
Total expenditures	65,173	69,947	77,777	69,901	73,991	78,330	83,553	80,293	83,649	85,652
Excess of revenues over (under) expenditures	1,009	3,454	(6,817)	2,854	9,079	(240)	(4,023)	(226)	2,780	(2,856)
Other financing sources (uses)										
Transfers in	2,875	3,543	4,308	3,727	2,729	2,796	5,606	6,191	5,547	4,293
Transfers out	(2,725)	(3,423)	(4,208)	(3,727)	(2,729)	(2,796)	(5,606)	(6,191)	(5,547)	(4,293)
Refunding Bond issue				2,580						
Payments to refunded bond escrow agent				(2,580)						
Total other financing sources (uses)	150	120	100	0	0	0	0	-	-	-
Net change in fund balances	1,159	3,574	(6,717)	2,854	9,079	(240)	-4,023	(226)	2,780	(2,856)
Debt service as a percentage on noncapital expenditures										
	2.9%	2.3%	1.5%	1.5%	1.4%	1.3%	1.1%	1.0%	0.8%	0.4%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
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
2009-2010	14,288,642	27,720,567	3,351,255	45,360,464	412

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
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%
2010	7,110,783	114,486	254,022	306,826	25,380	7,760,737	3.6100	12,381,258	62.68%

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

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		
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
2010	3.61	7.78	6.19	8.66	2.15	2.48	6.23	7.09	6.60	5.06	0.68	56.53

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

1) Includes Union High School District

All of the listed districts are component parts to the total direct rate, which is the sum of the component parts.

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

LINN COUNTY
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2010
(amounts expressed in thousands)

Principal Taxpayers	Type of Business	2010			2000		
		2009-10 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	1999-2000 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
International Paper (IP Eat Three)	Timber & Forest Products	112,688	1	1.47%			
Fort James Operating Co.	Timber & Forest Products	105,370	2	1.38%	107,228	2	2.30%
Pacific Power & Light (Pacficorp)	Utility	84,858	3	1.11%	80,175	3	1.70%
Target Corporation	Retail distribution	76,356	4	1.00%			
Wah Chang	Rare Metals	72,313	5	0.94%	27,131	6	0.60%
Oregon Metallurgical Corp	Rare Metals	62,093	6	0.85%	32,852	5	0.70%
Northwest Natural Gas	Utility	48,694	7	0.64%	22,302	10	5.00%
Comcast Corporation	Communications	43,001	8	0.56%			
Weyerhaeuser Company/ Willamette	Timber & Forest Products	41,881	9	0.55%	190,967	1	4.00%
Entek Manufacturing Inc.	Plastic Manufacturing	30,624	10	0.40%	107		
Centurytel of Oregon	Communications				25,893	8	0.50%
U.S West Communications	Communications				26,570	7	0.60%
Oregon Freeze Dry Foods Inc	Produce Processing				24,052	9	0.50%
Pope & Talbot	Reconstituted Wood Products				41,039	4	1.90%
Total Principal Taxpayers		677,878		8.89%	578,316		17.80%
Totals		7,786,116		100%	4,750,599		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 Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,238	16,402	99.96%
2004	17,991	16,698	92.81%	1,273	17,971	99.89%
2005	19,410	18,009	92.78%	1,341	19,350	99.69%
2006	20,052	19,215	95.83%	655	19,870	99.09%
2007	21,982	20,615	93.78%	210	21,772	99.04%
2008	25,089	24,086	96.00%	670	24,756	98.67%
2009	25,590	24,387	95.30%	413	24,800	96.91%
2010	26,141	25,017	95.70%		25,017	95.70%

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)**

	2002	2003	2004	2005	Fiscal Year 2006	2007	2008	2009	2010
Debt limit	130,074	133,592	135,256	147,621	147,908	135,579	141,431	149,117	155,722
Total net debt applicable to limit	2,680	2,354	2,111	1,469	1,056	554	12	0	0
Legal debt margin	127,394	131,238	133,144	146,152	146,852	135,025	141,419	149,117	155,722
Total net debt applicable to the limit as a percentage of debt limit	2.06%	1.76%	1.56%	1.00%	0.71%	0.41%	0.01%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Estimated Actual Taxable Value	7,786,117
Debt limit (2% of total assessed value)	155,722,340
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	0
Total net application to limit	<u>0</u>
Legal Debt Margin	<u>155,722,340</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 Governmen	Personal Income	Percentage of Personal Income	Per Capita	
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				
2010	110,185	As of June 30, 2010 linn County has no Outstanding Debt							0

* 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 Capita²
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
2010	-	7,786,117	-	\$0	7,760,736	-	0

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

LINN COUNTY
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2010

Jurisdiction	General Obligation Bonded Debt Outstanding (In Thousands)	Percentage Applicable to County	Amount Applicable to County (In Thousands)
Direct: Linn County	\$ -	100.00%	\$ -
Overlapping:			
Cities:			
Albany	5,381	80.62%	4,338
Brownsville	7,009	100.00%	7,009
Halsey	-	100.00%	-
Harrisburg	67	100.00%	67
Lebanon	18,485	100.00%	18,485
Mill City	813	76.80%	624
Sodaville	54	100.00%	54
Sweet Home	545	100.00%	545
Community Colleges:			
Chemeketa	693	1.06%	7
Lane	426	1.04%	4
Linn-Benton	7,133	49.72%	3,547
School Districts:			
Corvallis	1,976	2.22%	44
Central Linn	335	100.00%	335
Eugene	133	0.80%	1
Lane ESD	3	0.40%	0
Greater Albany	71,623	80.64%	57,757
Harrisburg	3,114	90.41%	2,815
Jefferson	396	6.37%	25
Lebanon Community	49,135	100.00%	49,135
North Santiam	3,754	20.48%	769
Santiam Canyon	2,157	47.62%	1,027
Scio	935	100.00%	935
Sweet Home	34,063	100.00%	34,063
Willamette ESD	18	0.82%	0
Water Districts:			
Grand Prairie	802	100.00%	802
Rural Fire Districts:			
Jefferson	44	38.34%	17
Brownsville	2,280	100.00%	2,280
Idanha-Detroit	11	6.53%	1
Lebanon	3,320	100.00%	3,320
Harrisburg	200	100.00%	200
Lyons	195	100.00%	195
Stayton	90	10.17%	9
Sweet Home Fire/Ambulance	\$ 1,425	100.00%	\$ 1,425
Total Overlapping	<u>216,615</u>		<u>189,836</u>
Total Direct and Overlapping	<u>\$ 216,615</u>		<u>\$ 189,836</u>

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	County Personal Income	(2) Per Capita Income	(3) School Enrollment	(2) Unemployment Rate (%)	(4) Marriage Licenses	Linn County Employees
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	0
2008	109,320	(5)	(5)	(5)	6.5	825	675
2009	110,185	(5)	(5)	17,855	15.4	838	684
2010	110,185	(5)	(5)	20,094	12.7	823	674

- (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, 2010
(amounts expressed in thousands)

Employer	2009			2000		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Samaritan Health Services	1355	1	2.8%			
Greater Albany Public Schools	1345	2	2.8%			
Linn Benton Community College	1115	3	2.3%			
Allvac Oremet- Wah Chang	1039	4	2.2%			
Linn County	674	5	1.4%			
Target Distribution Center	591	6	1.2%			
Georgia-Pacific/GP	470	7	1.0%			
City of Albany	425	8	0.9%			
Oregon Freeze Dry	350	9	0.7%			
Pacific Cast Technologies	310	10	0.6%			
Weyerhaeuser Co.	50	11	0.1%			
Totals			<u>13.2%</u>			

Number of people employed in Linn County 48,248

Source: AMEDEC website

Information for Principal Employers in 2000 is not available at this time.

**Linn County
Employees by Function**

Full time equivalent employees as of June 30,

Function	<u>2010</u>	<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>
Community Development	69	68	71	72	73	71	71	65	68	69
General Administration	42	43	41	45	52	51	48	50	48	46
Health Services	180	171	174	161	178	174	169	187	192	185
Highways and Streets	84	84	76	76	88	86	85	82	88	87
Local Government Service	38	40	41	41	61	61	59	58	58	61
Public Safety	261	278	272	286	299	295	291	315	307	298
Total	674	684	675	681	751	738	723	757	761	746

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.

Information provided by the Linn County payroll department

**Linn County
Operating Indicators by Function
Last five Fiscal Year**

Function	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Sheriff					
Jail Bookings	6574	7089	7,425	7,779	8,328
Highways and streets					
Road surface improvements (miles)	85	57	48	60	86
Parks					
Picnic shelter rentals	211	179	168	271	191
Clerk's Office					
Documents recorded	27544	29026	34,314	40,239	32,846
Marriage Licenses issued	823	838	825	942	794
Registered Voters	58755	61607	59,836	57,466	57,244
District Attorney					
Charges referred by law enforcement		5223	9,502	9,981	10,664
Planning					
Building permits	1190	1567	1,794	1,889	2,280
Contract Cities	402	365	668	938	764
Electrical permits	1342	1616	2,167	2,266	2,027
Planning permits	537	642	855	1,212	818
Health					
Alcohol and Drug clients	887	858	776	703	646
Developmentally Disabled clients	717	635	620	616	569
Environmental Health service contacts	2483	2615	3,126	2,850	2,702
Mental Health clients	3902	4487	4,084	3,940	3,419
Public Health	13197	7713	8,307	6,614	8,300
Women, infants, and children clients	6285	5849	5,780	5,780	3,400
Fairgrounds					
Willamette building (hours of use)	4856	1719	2,206	1,891	2,142
Arena (hours of use)	2076	2772	2,825	2,478	2,915
Santiam center (hours of use)	1388	1791	2,356	1,507	2,317
Cascade livestock building (hours of use)	3895	1507	1,474	1,383	1,888

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

Information provided by Linn County elected officials and department managers.

**Linn County
Capital Asset Statistics by Function
Last four Fiscal Years**

Function	2010	2009	2008	2007
Public Safety				
Police:				
Stations	7	7	7	7
Patrol Units	54	53	52	51
Police service dogs	3	4	4	4
Culture and recreation				
Parks acreage	1360	1200	1202	1202
Parks	22	22	18	17
Picnic shelters	13	13	12	10
General Services				
Motor pool vehicles	83	83	83	80
Roads				
Streets (miles)	1154	1,148	1,148	1,148
Bridges	329	329	329	329

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

Information provided by Linn County elected officials and department managers.

LINN COUNTY

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	General Administration	Local Government Services	Public Safety	Health Services	Community Development	Highways and Streets	Education	Debt Service	Capital	Totals	Portland, Oregon Consumer Index (U) (1982-84)	Per Capita
2000-2001	\$ 4,297,392	\$ 2,454,902	\$ 19,903,532	\$ 16,966,477	\$ 6,441,742	\$ 10,946,492	\$ 2,265,636	\$ 1,896,351		\$ 65,172,524	181.2	629.69
2001-2002	4,446,774	2,760,391	21,606,737	17,423,028	6,353,472	12,611,683	3,104,899	1,639,785		69,946,769	183.5	676.63
2002-2003	4,568,459	2,869,725	26,815,659	17,895,733	6,590,198	14,244,292	3,608,041	1,132,110		77,724,217	186.0	740.94
2003-2004	3,894,676	2,780,739	24,537,677	15,918,848	6,439,864	12,161,768	3,455,804	1,067,018		70,256,394	189.8	662.80
2004-2005	4,563,436	2,952,426	23,544,320	16,949,984	7,008,279	14,208,366	3,694,649	1,070,616		73,992,076	194.5	690.55
2005-2006	5,473,789	3,178,720	24,981,987	17,891,880	6,883,556	15,403,915	3,471,834	1,045,284		78,330,965	199.4	725.82
2006-2007	8,034,501	3,312,232	26,450,686	19,023,335	7,052,851	15,832,158	2,928,087	918,827		83,552,677	206.7	771.85
2007-2008	6,025,085	3,389,549	27,627,944	15,343,638	6,643,544	11,604,208	2,851,176	53,750		73,538,894	214.6	672.69
2008-2009	6,399,975	3,557,132	30,267,454	16,386,585	7,769,397	15,905,243	2,675,530	687,562		83,648,878	215.3	765.17
2009-2010	5,759,678	3,419,549	31,908,090	17,419,166	7,904,443	16,266,638	2,667,222	307,832		85,652,618	217.5	777.35

Note: Includes expenditures of the General, Special Revenue, Debt Service, and Capital Projects Funds.

Population based upon the 2009 center for Population Research and Census at Portland State University estimates for Linn County 111,850

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2010

12/2/2010; 12:09 PM

Insurance Coverage 09-10 /Meyer/Excel

<u>POLICY NUMBER</u>	<u>COMPANY</u>	<u>COVERAGE</u>	<u>AMT OF COVERAGE</u>	<u>POLICY PERIOD</u>	
				<u>FROM</u>	<u>TO</u>
28337	SAIF Corporation	Standard workers' compensation and employers' liability policy	\$ 500,000	7/1/2009	7/1/2010
		Bodily injury by accident - each accident	\$ 500,000		
		Bodily injury by disease - each employee	\$ 500,000		
09LLINC	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	7/1/2009	7/1/2010
09APDLINC	City/County Insurance Services	Comprehensive general liability	\$ 50,000	7/1/2009	7/1/2010
		Automobile - Self-Insured Loss Funds	\$ 50,000	7/1/2009	7/1/2010
09BLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown	\$ 50,000,000	7/1/2009 7/1/2010
09PLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All property coverage Real and Personal (\$10,000 Deductible)	Basic Coverage Inland Marine Restoration/Reproduction of books, records, etc. Electronic Data Restoration/Reproduction Off Premises Property in Transit Pollution Clean-up Earthquake Flood Revenue and Rental Value Extra Expense and Rental value	\$ 108,741,791 <small>(incl w/basic coverage)</small> 100,000 250,000 100,000 150,000 25,000 5,000,000 5,000,000 150,000 250,000	7/1/2009 7/1/2010

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2010

12/2/2010; 12:09 PM

Insurance Coverage 09-10 /Meyer/Excel

<u>POLICY NUMBER</u>	<u>COMPANY</u>	<u>COVERAGE</u>	<u>AMT OF COVERAGE</u>	<u>POLICY PERIOD</u>		
				<u>FROM</u>	<u>TO</u>	
09PLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.) Continued	All property coverage Real and Personal (\$10,000 Deductible)	Hired, Rented, or Borrowed Equipment Crime Coverage Police Dogs Personal Property at Unscheduled Locations Personal Property of Employees or Volunteers Unscheduled Fine Arts Miscellaneous Coverage	\$ 150,000 50,000 15,000 15,000 15,000 100,000 50,000	7/1/2009	7/1/2010
09CLINC	Rhodes-Warden Ins., Inc (National Union Fire Insurance Company of Pitts, PA)	Excess Crime Coverage (Deductible \$10,000)	Employee Theft Forgery or Altercation 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 Deductible)	\$ 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000	7/1/2009	7/1/2010



*AUDIT COMMENTS
& DISCLOSURES*

LINN COUNTY, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
June 30, 2010

Introduction

Oregon Administrative Rules 162-10-000 through 162-10-330 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 (the County) for the year ended June 30, 2010 and have issued our report thereon dated December 7, 2010.

The management of the County 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 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 the County to be adequate for audit purposes considering the size and complexity of the municipal corporation.

LINN COUNTY, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
June 30, 2010

Collateral

The County was in compliance with ORS Chapter 295 regarding collateral securing deposits for fiscal year ended June 30, 2010.

Indebtedness

The County currently does not have any debt or bonded debt.

Budgets

We reviewed budgets adopted by the County 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 (ORS Chapter 294.305 to 294.520)

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 County-owned property in force at June 30, 2010 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. The County appeared to have appropriate procedures for making expenditures on behalf of, and reporting for, such programs.

Highway Funds

The County was in compliance with legal requirements pertaining to the use of Highway Funds.

Investments

The County's investments for the year ended June 30, 2010 were tested and appear to be in compliance with Oregon Revised Statutes Chapter 294 with regard to legal restrictions pertaining to the investment of public funds.

Public Contracts and Purchasing

We reviewed and tested the County'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.

LINN COUNTY, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
June 30, 2010

Independently Elected Officials

The Independently Elected Officials of the County receive and disburse funds. Accordingly a Schedule of Accountability for Independently Elected Officials has been included in the report.

Merina & Company

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





FEDERAL SINGALE 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 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 (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 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 County'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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. 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 County'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*.

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

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



Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Linn County
Albany, Oregon

Compliance

We have audited Linn County, Oregon's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Linn County, Oregon's major federal programs for the year ended June 30, 2010. Linn County, Oregon'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, Oregon's management. Our responsibility is to express an opinion on Linn County, Oregon'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, Oregon'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, Oregon's compliance with those requirements.

In our opinion, Linn County, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Linn County, Oregon 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, Oregon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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, Oregon's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, *the County Commissioners*, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Merina & Company

Merina & Company, LLP
Certified Public Accountants and Consultants
West Linn, Oregon
December 7, 2010

**LINN COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

LINN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>		
Food and Nutrition Service		
<i>Passed through Oregon Department of Education:</i>		
School Breakfast Program	10.553	6,580
National Lunch Program	10.555	12,485
Forest Service		
<i>Department of Human Resources Health Division:</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	606,156
<i>Department of Administrative Services:</i>		
Schools and Roads – Grants to State	10.665	7,845,247
Federal Forest PL 106-393 Title I	10.665	0
Federal Forest PL 106-393 Title III	10.665	146,000
Federal Forest PL 110-343 Title III	10.665	765,062
Total Department of Agriculture		<u>9,381,530</u>
<u>Department of the Interior</u>		
Bureau of Land Management		
<i>Direct Programs:</i>		
O & C Grant	15.000	2,110,146
Payments in Lieu of Taxes	15.226	340,915
Fish and Wildlife Service		
<i>Passed through Oregon Marine Board:</i>		
Clean Vessel Act	15.616	<u>0</u>
Total Department of the Interior		<u>2,451,061</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 Justice</u>		
Office of Juvenile Justice and Delinquency Prevention		
<i>Passed through Oregon Department of Justice:</i>		
Juvenile Accountability Incentive Block Grants	16.523	10,758
Title V Delinquency Prevention Title V	16.548	0
Enforcing Underage Drinking Laws Program	16.727	12,000
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	0
<i>Passed through Oregon Department of Justice:</i>		
Marijuana Eradication	16.580	13,496
Office of Victims of Crime		
Crime Victim Assistance	16.575	152,784
Crime Victim Assistance/Discretionary Grants	16.582	243,652
Total Department of Justice		<u>432,690</u>
<u>Department of Transportation</u>		
Federal Highway Administration		
<i>Passed through Oregon Department of Transportation:</i>		
Highway Planning and Construction	20.205	147,348
Capital Assistance Program for Elderly Persons	20.513	28,545
Linn County Sherrif multi Unit Enforcement Equipment	20.6	38,902
Grants for Other than Urbanized Areas	20.509	19,603
Total Department of Transportation		<u>234,398</u>
<u>Department of Administrative Services</u>		
<i>Passed through Department of Administrative Services:</i>		
Donation of Federal Surplus Personal Property	39.003	26,444
<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	35,915
DWP EPA-Water Revolving Fund	66.468	24,916
Total Environmental Protection Agency		<u>60,831</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	105,602
Administration for Children and Families		
Promoting Safe and Stable Families	93.556	17,386
Temporary Assistance for Needy Families	93.558	161,652
Child Care and Development Block Grant	93.575	11,289
<i>Passed through Oregon Commission on Children and Families:</i>		
Social Services Block Grant	93.667	237,172
Title 4 -B CWS	93.645	0
Centers for Medicare and Medicaid Services		
Money follows the person	93.779	
Health Start/title XIX	93.778	10,937
Centers for Disease Control		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
Immunization Grants	93.268	8,332
Immunization & Vaccines for children	93.712	1,552
Bioterrorism preparedness & response	93.069	326,853
Heath Resources and Services Administration		
TB Control and AIDS	93.116	5,510
Abstinence Education Program	93.235	0
HIV Care Formula Grants	93.917	111,406
HIV Prevention Project	93.94	0
Maternal and Child Health Services Block Grant to the States	93.994	82,941
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	83,964
Block Grants for Prevention and Treatment of Substance Abuse	93.959	303,831
Prevention Health Block Grantand	93.991	3,500
Total Department of Health and Human Services		<u>1,471,927</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	45,987
Citizens Corps	97.053	16,005
State Homeland Security Program	97.073	77,450
Federal Equitable sharing grant	????	50,319
Total Department of Homeland Security		<u>189,761</u>
Totals	111	<u><u>14,288,642</u></u>

**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