

Comprehensive Annual Financial Report

Linn County Oregon



Fiscal Year Ending
June 30, 2011

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, 2010

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, 2011

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 9th, 2011

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, 2011 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 and routinely reviews internal accounting controls and the 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, 2011, 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, 2011 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 2010 - 2011.

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 is home, per the 2010 Census, to an April 1, 2010 population of 116,672. The County is governed under Oregon law as a "statutory county" 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 Systems 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 1,104.28 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 & Supplies 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 23. For the other funds, the comparisons are presented starting on page 56.

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 mirror the continuing economic problems and issues affecting Oregon and the Nation. The recovery from the historic recession is clearly not over as reflected in the County's employment numbers with nonfarm jobs down by another 360 (June 2010 to June 2011) and with an adjusted unemployment rate of 11.4% for June 2011 (down from the 13.3% rate for June 2010). The County's unemployment rate has continued to remain above both the State (9.4%) and National (9.2%) rates. Employment levels have stabilized over the past year but job growth has not happened. From February 2008, the pre-recession employment peak, to June 2011, the County has lost more than 4,600 jobs, a 10.8% drop. In general, while manufacturing and construction jobs are starting to increase, retail trade, leisure and hospitality, education and local government jobs are all declining. Mentioned last year, the new medical school in Lebanon, the College of Osteopathic Medicine of the Pacific in partnership with Samaritan Health Services, is now in operation with the first students attending classes. Also mentioned last year, the County has transferred the required property and the \$10.5 million local funding match to the State as needed for construction of a 150 bed

Veterans' Home adjacent the new medical school in Lebanon. The project design phase is starting 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 continue to pose 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 General Fund revenues in turn produced reductions in some State funding for County programs. Some other County revenue sources have also declined resulting with changes and shifting of service levels but, in general, the County has continued to match citizen service levels with demands during this audit period.

That service capability is expected to continue to shift in the future with the continued decline of one of the County's major revenue sources – Federal timber receipts. The current Federal bill authorizing that funding provides a declining revenue stream that reverts to a share of actual timber receipts after October 31, 2011. The outlook for payments from another major revenue source, the State of Oregon, also projects a decline with the State's recently approved FY 2011 - 2013 Budget reflecting significant and ongoing reductions that are being passed on to Linn County. The most recent quarterly revenue forecast projected a \$200 million drop from the approved budgeted revenue amount. A third major revenue source, the County's local option Law Enforcement levy, is stable and will be in its first year of a four year term (starting July 1, 2011) with a rate of \$2.58 per thousand (up from the \$2.34 per thousand in 2010). However, the levy revenue, along all property tax revenue, is being reduced by dropping property values and Measure 5 compression losses as detailed below.

The County's major source of revenue remains intergovernmental receipts (\$46,771,633; 56.98% of revenue, up 3.11% with most of the increase due to more Federal funds [passed through the State] for Health Department programs). Intergovernmental receipts include Federal Forest Service and Bureau of Land Management Title I, II and III payments (\$10,185,142; 12.41% of revenue, down 14.66%). The fiscal impacts on the County of the severe decline in timber sales have continued to be offset somewhat 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 the Bill's four years declining as follows: 2008, 90% of the 2006 payments; 2009, 81% of 2006; 2010, 73% of 2006 and 2011, approximately 43% of 2006. As mentioned above, after 2011, the payments revert to a share of actual timber sale receipts which are estimated to be approximately 10% of the 2006 payment.

State-provided funds increased (\$29,390,032; 35.8% of revenue, up 6.02%) and provided the bulk of the remaining intergovernmental receipts, mostly for health services and jail bed rental. The increase in State-provided funds relates directly to increases to mental health services. The impacts on County property taxes (\$24,940,847; 30.39%, down 2.27%) from Measure 5 and Measures 47/50 limits continue to constrain this revenue source with those limits having more negative impact as growth (1.4%) in the

County's assessed property values has slowed. The continued approval of the County's Law Enforcement Levy (new four year levy with a rate of \$2.58 per thousand [note that the County's permanent tax rate is \$1.2713 per thousand]) is critical to the County's revenue structure. The 2010 Law Enforcement Levy's net amount was reduced ("compressed") by 12.32% (\$2,264,920) due to Measure 5 limits. Another sector of County revenues, the Licenses, Permits, Fines & Services category (\$9,346,516; 11.39% of revenue, down 18.24%) 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 cost-of-living salary increases and very slight health benefit premium increases as established by collective bargaining agreements which resulted in an overall FY 2010 – 2011 personnel cost increase of 3.75% 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 the 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.

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 has declined 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 current 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's proposal for a 150 bed Veterans' Home located in Lebanon on ten acres adjacent the new medical school campus was successful. 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. The match funds and property were transferred to the State in May, the design phase of the project has started with the construction phase expected to start in 2012. Once completed, the Veterans' Home will be operated by the State.

Two significant software conversion projects are currently in the final phases of implementation for systems with Sungard Public Section providing the new Financial Applications Software and Services System for Financial/Treasurer requirements and software developed by Polk County (ORCATS) providing the software for the Assessment and Tax requirements. Both of those systems are expected to complete the implementation phase in FY 2011 - 2012. In addition, the County is reorganizing its Information Technology Services Department from a legacy software programming focus to a focus on network and data management. The changes include outsourcing email using an existing State contract (which has now been accomplished).

Another major area of activity that has continued is the expansion and improvement of the County's Park system. That expansion has involved the Phase II 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, cabins and docks 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 County also continued to increase its outdoor recreation resources with a successful bid on a five year lease to manage six US Forest Service campgrounds located along the South Santiam River east of River Bend Park.

The programmed road and bridge improvements by the Road Department upgraded 61.47 miles of the County's road system and completed replacement/major repairs to ten bridges. In addition, an emergency power generator was installed to provide electrical power to critical functions in the County Courthouse, a capability that has not been available for more than twenty years. 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 – 48.48%; 30 to 90 days – 7.8%; 90 days to 12 months – 27.21% and 12 to 18 months – 16.51%. The average yield on investments for the year was 1.041% compared to an average of 0.513% for the State's Local Government Investment Pool. The County recorded interest revenues of \$422,191 on all County investments in the year ending June 30, 2011. This represents a decrease of \$65,420, down 13.42% from the prior year due to declining interest rates during the fiscal year.

Risk Management. For the fiscal year ending June 30, 2011, insurance overages 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 24, 25, 26 and 71). Additional information is included in

the Financial Section of this report (page 53) with a schedule of all the County's insurance coverages included in the Statistical Section of this report (pages 96 and 97).

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 were 12.00% of salary, with the OPSRP rates 10.36% for General Service employees and 13.07% for Police. The PERS Tier 1 & 2 and OPSRP employer rates increased effective July 1 2011 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 49, 50 and 51). 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). However, the required inclusion of retirees does negatively impact the claims experience for the County's insurance plans.

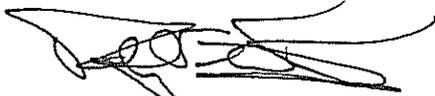
AWARDS AND ACKNOWLEDGEMENTS

For the twenty-first 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, 2010. 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,

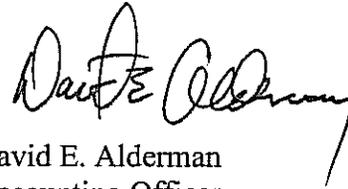
Linn County's CAFR was judged to be easily readable and efficiently organized. The Certificate is valid for a period of one year only and, as mentioned earlier, this CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

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



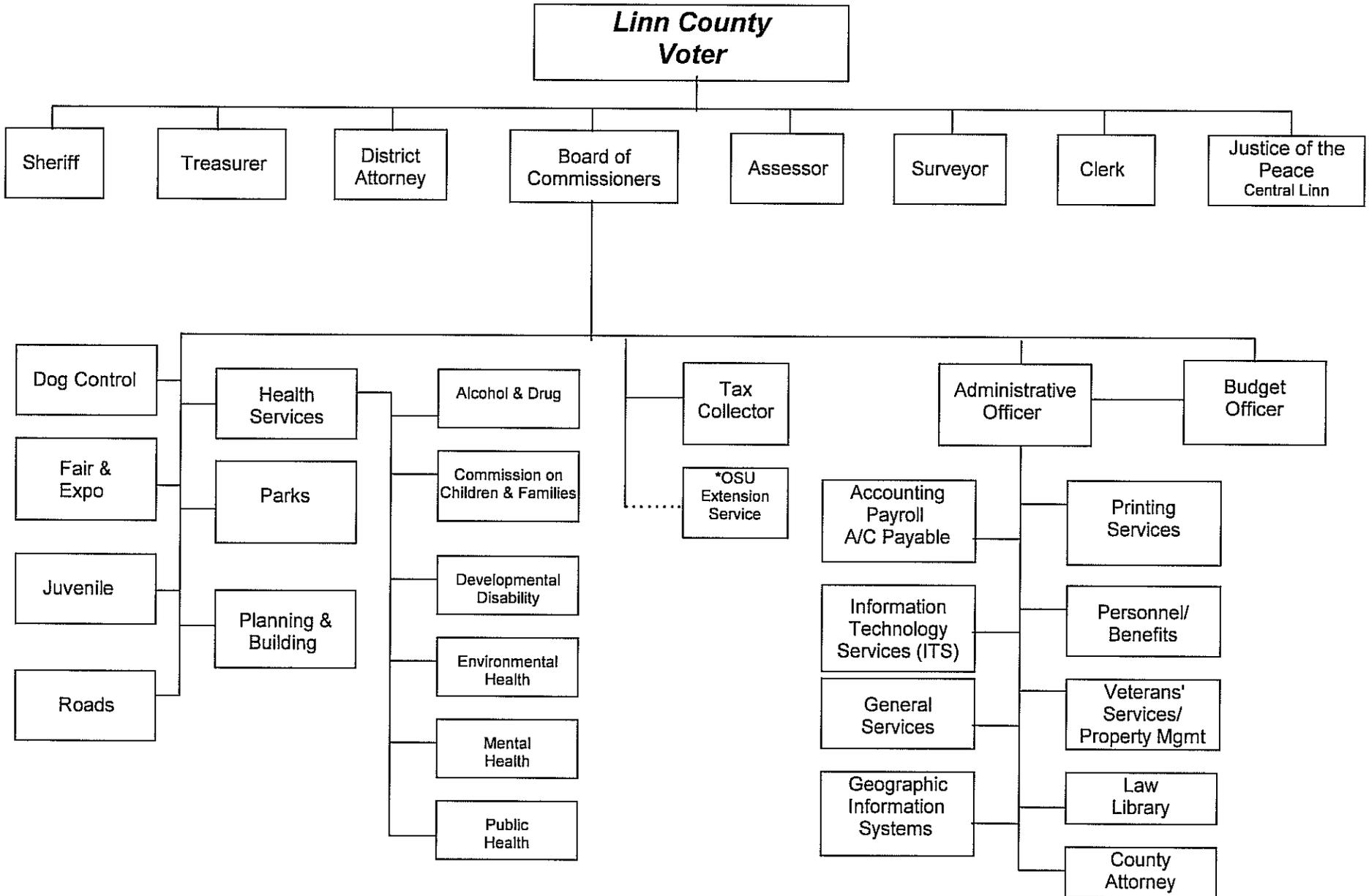
David E. Alderman
Accounting Officer



LINN COUNTY, OREGON

Organization Chart

June 30, 2011



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

LINN COUNTY

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Roger Nyquist	Commissioner, Board Chairman	January 2013
John Lindsey	Commissioner	January 2015
William Tucker	Commissioner	January 2013
Mark Noakes	Assessor and Tax Collector	January 2013
Steve Druckenmiller	Clerk	January 2015
Jason Carlile	District Attorney	January 2013
Honorable Jad Lemhouse	Justice of the Peace – Central Linn	January 2015
Tim Mueller	Sheriff	January 2013
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



FINANCIAL SECTION



Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS

JOHN W. MERINA, CPA • KAMALA K. AUSTIN, CPA • TONYA M. MOFFITT, CPA

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 (County), as of and for the year ended June 30, 2011, 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, 2011, 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, Health, and Properties 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 9, 2011, 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 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, LLP
West Linn, Oregon
December 9, 2011

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, 2011. 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 \$200,714,620 (*net assets*). Of this amount, \$25,002,935 (*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 \$12,087,287 year over year.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$26,454,015 a decrease of \$14,102,809 in comparison with the prior year, with 94.51% of this total amount, \$25,002,443 *available for spending* to meet government's commitments and obligations (*restricted, committed, assigned, and unassigned fund balances*).
- At the end of the fiscal year, the fund balance for the general fund was \$(2,198,844). 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 2006-07, 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 fiscal 2009-10 a total of \$890,000 was borrowed from the Road Fund to fund a new District Attorney case management software system(\$300,000), improvements to the Court House elevator (\$170,000), and a new assessment and taxation software system (\$420,000). The combined interfund debt is \$ 2,258,554 at June 30, 2011.
- Linn County's has no long term debt obligations as of June 30, 2011.

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, Health Fund and Properties Funds, all of which are considered to be major funds. Data from the other 11 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 24 through 26 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 27 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 28 through 54 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 55 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 56 through 70 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 \$200,714,620 at the close of the fiscal year.

By far the largest portion of Linn County's net assets (87.54 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

	2010	2011
Assets		
Current and other assets	\$ 48,757,321	\$ 36,292,335
Capital assets	<u>173,806,240</u>	<u>175,711,685</u>
Total assets	<u>222,563,561</u>	<u>212,004,020</u>
Liabilities		
Long-term liabilities outstanding	2,051,515	2,175,097
Other liabilities	<u>7,710,139</u>	<u>9,114,303</u>
Total liabilities	<u>9,761,654</u>	<u>11,289,400</u>
Net assets		
Invested in capital assets, net of related debt	173,806,240	175,711,685
Restricted	-	
Unrestricted	38,995,667	25,002,935
Total net assets	<u>\$ 212,801,907</u>	<u>\$ 200,714,620</u>

The balance of *unrestricted net assets* \$25,002,935 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets decreased by \$12,087,287 during the current fiscal year primarily due to the County's transfer of property and local funding totaling \$12 million to the State for the construction of a Veterans Home in Lebanon. (Discussed in the letter of transmittal)

Governmental activities. Governmental activities decreased Linn County's net assets by \$12,087,287. Key elements of this decrease are as follows:

Linn County's Changes in Net Assets

Governmental Activities

	2010	2011
Revenues		
Program		
Charges for services	\$ 11,229,003	\$ 9,346,514
Operating grants and contributions	34,500,640	37,367,317
General		
Property taxes	25,284,933	25,136,779
Grants and contributions not restricted to specific programs	11,478,139	10,291,557
Other	478,653	338,099
Total revenues	82,971,368	82,480,266

Linn County's Changes in Net Assets

Governmental Activities (continued)

	2010	2011
Expenses		
General government	\$ 6,569,133	\$ 6,288,087
Public safety	32,366,696	31,305,680
Highways/streets	12,596,741	13,018,865
Local government services	3,442,124	3,198,788
Health services	17,566,927	18,799,640
Community development	8,268,962	19,635,666
Apportionment to school districts	2,667,222	2,320,828
Interest on long-term debt	12,832	-
	<u>83,490,637</u>	<u>94,567,554</u>
 Total expenses		
	<u>83,490,637</u>	<u>94,567,554</u>
 Increase (decrease) in net assets	(519,269)	(12,087,287)
Net assets - beginning of the year	<u>213,321,176</u>	<u>212,801,907</u>
 Net assets - end of the year	<u>\$ 212,801,907</u>	<u>\$ 200,714,620</u>

- Total revenues decreased by \$491,102 between the prior fiscal year and the current fiscal year as a result of reduced licenses, permits, fines, and service revenues collected by the County (see letter of transmittal).
- Overall, after adjusting expenses by the \$12 million transfer to the State, County wide expenses decreased by \$923,083 (1.11%) from the previous year. When combining general governmental and local government expenses, there was a decrease of \$524,382) from fiscal 2009-10. Public Safety expenses decreased by \$1,061,016, while health service expenses increased by \$1,232,713, and roads/highways increased by \$422,124.

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, the restricted, committed, and assigned 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 \$26,454,015, a decrease of \$14,102,809 in comparison with the prior year. Of this total amount \$24,942,733 constitutes the restricted, committed, and assigned, fund balances which are 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 committed fund balance in the general fund was \$(2,258,554), and the unassigned fund balance was \$59,710. Linn County's general fund balance decreased by \$1,010,498 during the current fiscal year.

Key factors in this change are as follows:

- Overall revenue in the General Fund decreased slightly (\$124,274) from \$26,802,527 in 2009-10 to \$26,678,253 in 2010-11.
- Expenditures in the General Fund decreased overall by \$655,175 due to reductions in personnel costs by leaving vacate positions open.
- As mentioned earlier, the General Fund negative fund is a result of a \$2,258,554 interfund loan payable to the Roads Fund, for various projects, and is being repaid over a nine year period.

Linn County considers four additional funds to be classified as major funds, the General Road, Law Enforcement 4-Year Levy, Health Funds and the Properties Fund. 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 \$35,138,724 at year end. This balance decreased by \$1,811,829 during the year due to lower interest rates on reserves, a decline in State highway fund receipts, and a reduction in reimbursable projects.

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 (\$758,509) was increased by \$355,923 from current operations. A major impact to the LE Fund was property tax revenues decreased by \$521,104, from \$15,934,485 in 2009-10, to \$15,413,381 in 2010-11 due to compression of the overall property tax ceiling. Expenditures decreased by \$260,069 from \$16,057,779 in 2009-10 to \$15,797,710 in 2010-11 due to a reductions in capital expenditures, and materials and service costs.

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. County provided health care services rise and fall as a function of federal and state government fund levels. The ending fund balance of \$5,112,005 represents an increase of \$1,364,304 from the prior year. In the current fiscal year overall revenues increased by \$1,787,460 (\$17,184,594 in 2009-10 to \$18,972,054 in 2010-11) primarily due to increased federal and state aid for mental health managed care services. In addition, expenditures also increased by \$1,467,711 from \$17,354,849 in 2009-10 to \$18,822,560 in 2010-11 due to increased services provide as mentioned above as well as increased personnel costs.

Properties – The cost of transferring funds to the state of Oregon for the construction of a Veterans Home in Lebanon, and the related property tax revenues are recorded in this fund. (See letter of transmittal)

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 \$76,104. This is a decrease in net assets over last year by \$60,111 primarily due to a transfer of \$64,000 to the General Fund. Operating income for the period was \$242,630 and unemployment insurance claims incurred were \$241,140.

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$2,587,354 (increase in appropriations) due to increased funds received by the state for mental health and public health services (\$760,130) , funding for additional Road construction and maintenance (\$1,267,606) and other general grants and general fund appropriations (\$559,618)

Capital Asset and Debt Administration

Capital assets. Linn County's investment in capital assets for its governmental type activities as of June 30, 2011 amounts to \$175,711,685 (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). Each year since then, capital assets have increased and most recently in 2008-09 by \$3,181,096, in 2009-2010 by \$2,788,267 and in the fiscal year \$1,905,445 was added to capital assets, net of retirements and current year depreciation. Beginning in 2002-03, 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 \$ 675,214 primarily for the purchase of patrol vehicles in the Sheriff's Office, and the replacement of road equipment. In general the past two fiscal years, capital expenditures have seen a decrease from year to year as a result of budget constraints.
- Additional capital expenditures of \$492,450 were made for road and bridge improvements during the year.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2010	2011
Land	\$ 16,756,667	\$ 16,828,004
Buildings and improvements, net	35,703,198	35,183,732
Equipment, net	8,229,704	7,651,890
Infrastructure, net	110,617,666	110,754,374
Intangibles	240,415	898,738
Construction in progress	2,258,590	4,394,947
Totals	\$ 173,806,240	\$ 175,711,685

The 2010 Pavement Condition Index (PCI) data indicates a slight drop in overall pavement conditions from the 2008 inspection. The arterials weighted average PCI in 2008 was 78.1, and 76.3 in 2010, a reduction of 1.8. Collectors also declined by .6 (2008 =79.1, 2010=78.5) Residential/local increased by 1.8 (2008=79.5, 2010=81.3) The Roads department anticipates the data may be revised once a quality control check is conducted on the 2010 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 42 and 43 of this report.

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

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 \$ 160,146,880 which is significantly in excess of Linn County's outstanding general obligation debt.

Economic Factors

- The unemployment rate for Linn County is currently 11.4 percent, which is a decrease from a rate of 13.3 percent a year ago. This compares unfavorably to the state's average unemployment rate of 9.4 percent and the national average rate of 9.2 percent. (See the letter of transmittal for additional detail).
- Linn County continues a down turn in housing development both in new construction, refinancing and home improvements. This trend continues, into the first quarter of 2011-2012. The real market value of property continues to decline and is becoming a significant constraint on property tax receipts. 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. During the current year, the combined Linn County property tax rate ceiling was reached, and caused a reduction of \$512,104 in property tax revenue collected for the Law Enforcement Levy Fund.
- The State's FY 2011-13 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, 2011

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 29,635,520
Receivables, net of allowance for doubtful accounts	2,964,827
Due from other governments	2,113,460
Inventories	1,451,572
Foreclosed properties held for sale	-
Investment in joint venture	126,956
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	116,890,514
Other capital assets, net of accumulated depreciation	<u>58,821,171</u>
TOTAL ASSETS	<u>212,004,020</u>
<u>LIABILITIES</u>	
Accounts payable	865,839
Outstanding Checks	379,596
Due to other governments	45,119
Payroll, payroll taxes, and benefits payable	5,303,089
Claims liability	152,771
Long-term obligations:	
Due with in one year:	
Accumulated compensated absences	2,367,889
Due in more than one year:	
Accumulated compensated absences	1,275,017
Post employment health care benefits	<u>900,080</u>
TOTAL LIABILITIES	<u>11,289,400</u>
<u>NET ASSETS</u>	
Invested in capital assets	175,711,685
Restricted for:	-
Unrestricted	<u>25,002,935</u>
TOTAL NET ASSETS	<u>\$ 200,714,620</u>

See notes to basic financial statements

LINN COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expenses)
Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Assets	
Governmental activities				
General administration and support	\$ 6,288,087	\$ 852,151	\$ 329,603	\$ (5,106,333)
Local government services	3,198,788	765,860	697,662	(1,735,266)
Public safety	31,305,680	3,192,175	2,652,137	(25,461,368)
Health services	18,799,640	1,191,540	18,178,239	570,139
Community development	19,635,666	2,203,459	1,049,673	(16,382,534)
Highways and streets	13,018,865	1,141,329	12,139,175	261,639
Apportionments to school districts	2,320,828	-	2,320,828	-
Interest on long-term obligations	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 94,567,554	\$ 9,346,514	\$ 37,367,317	(47,853,723)
 General Revenues				
Property taxes levied for:				
General purposes				25,136,779
Grants and contributions not restricted to specific programs				10,291,557
Interest and investment earnings				338,099
TOTAL GENERAL REVENUES				35,766,435
 CHANGE IN NET ASSETS				 (12,087,287)
NET ASSETS - BEGINNING				212,801,907
NET ASSETS - ENDING				\$ 200,714,620

See notes to basic financial statements

LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	General Road	Law Enforcement 4-Year Levy	Health	Properties	Other Governmental Funds	Totals
ASSETS							
Cash and investments	\$ 2,672,545	\$ 18,945,135	\$ 353,937	\$ 6,004,940	\$ -	\$ 1,405,801	\$ 29,382,358
Receivables, net of allowance for doubtful accounts	882,438	157,265	1,430,070	397,888	-	97,166	2,964,827
Due from other funds	48,876	7,514	-	85,864	-	800	143,054
Due from other governments	107,250	1,193,917	-	660,702	-	151,591	2,113,460
Advances to other funds	-	14,226,077	-	-	-	-	14,226,077
Inventories	-	1,451,572	-	-	-	-	1,451,572
Foreclosed properties held for sale	-	-	-	-	-	-	-
Investment in joint venture	-	126,956	-	-	-	-	126,956
TOTAL ASSETS	\$ 3,711,109	\$ 36,108,436	\$ 1,784,007	\$ 7,149,394	\$ -	\$ 1,655,358	\$ 50,408,304
LIABILITIES							
Accounts payable	\$ 161,085	\$ 109,175	\$ 128,574	\$ 267,806	\$ -	\$ 199,199	\$ 865,839
Outstanding Checks	379,596	-	-	-	-	-	379,596
Due to other governments	-	-	-	-	-	-	-
Due to other funds	28,484	33,642	27,739	12,361	-	61,659	163,885
Advances from other funds	2,226,077	-	-	-	12,000,000	-	14,226,077
Deferred revenue	836,178	242,259	1,355,486	496,053	-	85,827	3,015,803
Payroll, payroll taxes, and benefits payable	2,278,533	584,636	1,030,717	1,261,169	-	148,034	5,303,089
TOTAL LIABILITIES	\$ 5,909,953	\$ 969,712	\$ 2,542,516	\$ 2,037,389	\$ 12,000,000	\$ 494,719	\$ 23,954,289

See notes to basic financial statements

Continued on page 4

BALANCE SHEET

GOVERNMENTAL FUNDS (Continued)

	General	General Road	Law Enforcement 4-Year Levy	Health	Properties	Other Governmental Funds	Totals
<u>FUND BALANCES</u>							
Non spendable:							
Inventories	-	1,451,572.00	-	-	-	-	1,451,572.00
Restricted for:							
Roads	-	14,009,788	-	-	-	-	14,009,788
Public Safety	-	-	(758,509)	-	-	-	(758,509)
Health Services	-	-	-	5,112,005	-	-	5,112,005
Grants/ minor funds	-	-	-	-	-	1,160,639	1,160,639
Committed to:							
Interfund loan commitments	(2,258,554)	14,258,554	-	-	(12,000,000)	-	-
Capital projects	-	5,418,810	-	-	-	-	5,418,810
Assigned to:							
Unassigned	59,710	-	-	-	-	-	59,710
	-	-	-	-	-	-	-
TOTAL FUND BALANCES	(2,198,844)	35,138,724	(758,509)	5,112,005	(12,000,000)	1,160,639	26,454,015
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,711,109	\$ 36,108,436	\$ 1,784,007	\$ 7,149,394	\$ -	\$ 1,655,358	\$ 50,408,304

See notes to basic financial statements

LINN COUNTY

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

June 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 26,454,015
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	207,087,217	
Less accumulated depreciation	<u>(31,375,532)</u>	175,711,685
Less the net book value of retired asset, and construction in process deletions		
<hr style="width: 100%;"/>		
Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds.		(3,642,906)
Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds.		(900,080)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		3,015,803
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities.		<u>76,103</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 200,714,620</u>

See notes to basic financial statements

LINN COUNTY
STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	General Road	Law Enforcement 4-Year Levy	Health	Properties	Other Governmental Funds	Totals
REVENUES							
Property taxes	\$ 9,527,466	\$ -	\$ 15,413,381	\$ -	\$ -	\$ -	\$ 24,940,847
Intergovernmental	9,153,138	13,097,537	-	17,675,065	-	6,845,893	46,771,633
Licenses, permits, fines and services	7,952,415	(170,474)	-	727,475	-	837,100	9,346,516
Interest earnings	45,234	289,117	28,406	37,292	-	22,142	422,191
Miscellaneous	-	64,324	-	532,222	-	3,783	600,329
TOTAL REVENUES	26,678,253	13,280,504	15,441,787	18,972,054	-	7,708,918	82,081,516
EXPENDITURES							
Current :							
General administration and support	5,697,524	-	-	-	-	-	5,697,524
Local government services	3,341,122	-	-	-	-	-	3,341,122
Public safety	12,520,443	-	15,797,710	-	-	2,647,287	30,965,440
Health services	-	-	-	18,822,560	-	-	18,822,560
Community development	4,834,774	-	-	-	12,000,000	2,828,471	19,663,245
Highways and streets	-	15,373,606	-	-	-	-	15,373,606
Apportionments to school districts	-	-	-	-	-	2,320,828	2,320,828
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
TOTAL EXPENDITURES	26,393,863	15,373,606	15,797,710	18,822,560	12,000,000	7,796,586	96,184,325
Excess (deficiency) of revenues over expenditures	284,390	(2,093,102)	(355,923)	149,494	(12,000,000)	(87,668)	(14,102,809)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,174,171	698,458	-	1,214,810	-	555,791	3,643,230
Transfers out	(2,469,059)	(417,185)	-	-	-	(756,986)	(3,643,230)
TOTAL OTHER FINANCING SOURCES (USES)	(1,294,888)	281,273	-	1,214,810	-	(201,195)	-
Net change in fund balances	(1,010,498)	(1,811,829)	(355,923)	1,364,304	(12,000,000)	(288,863)	(14,102,809)
Fund balances (deficit) at beginning of year	(1,188,346)	36,950,553	(402,586)	3,747,701	-	1,449,502	40,556,824
Fund balances (deficit) at end of year	\$ (2,198,844)	\$ 35,138,724	\$ (758,509)	\$ 5,112,005	\$ (12,000,000)	\$ 1,160,639	\$ 26,454,015

See notes to basic financial statements

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, 2011**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(14,102,809)
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
<p>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</p>		
Expenditures for capital assets	4,279,795	
Less current year depreciation	<u>(2,374,329)</u>	1,905,466
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Change in deferred revenue		153,705
<p>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</p>		
Principal payments on long-term obligations		-
<p>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</p>		
Net OPEB obligations		(232,585)
Accumulated compensated absences		249,048
<p>When recognizing the sale of capital assets, the governmental funds do not report the economic benefit (cost) from the sale</p>		
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>(60,112)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>(12,087,287)</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, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes				
Current year's levy	\$ 9,176,954	\$ 9,176,954	\$ 9,158,619	\$ (18,335)
Prior years' levies	395,000	395,000	418,389	23,389
Total property taxes	<u>9,571,954</u>	<u>9,571,954</u>	<u>9,577,008</u>	<u>5,054</u>
Intergovernmental				
O & C land grant	1,901,737	1,901,737	1,901,737	-
Payments in lieu of taxes	310,000	310,000	370,418	60,418
State forest land sales	1,000,000	1,000,000	1,207,298	207,298
Amusement tax	22,000	22,000	26,557	4,557
Cigarette tax	111,000	111,000	119,027	8,027
Electric co-op tax	163,000	163,000	151,191	(11,809)
Liquor tax	397,000	397,000	496,087	99,087
Video lottery reimbursement	456,144	456,144	455,900	(244)
Private car tax	2,000	2,000	3,786	1,786
Assessment and taxation grant	750,000	750,000	697,289	(52,711)
Sheriff grants	81,000	81,000	107,684	26,684
Veterans' officer reimbursement	60,132	60,132	57,191	(2,941)
State prison revenue-corrections	1,304,875	1,304,875	1,304,875	-
State prisoner allocation-contract criminal	927,086	927,086	922,961	(4,125)
Juvenile detention contracts	344,716	344,716	258,537	(86,179)
Planning contract with cities	112,500	112,500	85,752	(26,748)
Central Linn Justice Court-City of Harrisburg contract	25,182	25,182	27,881	2,699
Cities and district contract with Sheriff	170,000	170,000	41,903	(128,097)
Emergency 911 contract with Sheriff	635,900	635,900	635,900	-
Cities and Justice courts - fees for jail	121,623	121,623	108,662	(12,961)
Juvenile work crew/ Fed forest title II	70,000	70,000	46,675	(23,325)
Juvenile contract with cities	140,000	140,000	162,530	22,530
Total intergovernmental	<u>9,105,895</u>	<u>9,105,895</u>	<u>9,189,841</u>	<u>83,946</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	\$ 16	\$ 16	\$ (495)	\$ (511)
Assessment and taxation	103,005	103,005	87,412	(15,593)
Clerk	989,335	989,335	860,167	(129,168)
Treasurer	1,400	1,400	1,907	507
Surveyor	73,300	73,300	43,219	(30,081)
Veterans Services	100	100	54	(46)
Planning	712,000	716,500	681,730	(34,770)
Parks and recreation	1,290,700	1,290,700	1,145,833	(144,867)
Historical	39,165	39,165	13,719	(25,446)
Justice court - Central Linn	800,010	800,010	877,382	77,372
District attorney	105,000	105,000	120,796	15,796
Sheriff				
Corrections	481,332	481,517	415,283	(66,234)
Jail	107,814	107,814	97,892	(9,922)
Civil	235,600	235,600	272,295	36,695
Criminal	90,000	90,000	49,592	(40,408)
Support	371,300	371,300	355,227	(16,073)
Medical examiner	-	-	-	0
Juvenile and juvenile detention	23,500	23,500	126,440	102,940
General administration	51,000	51,000	84,974	33,974
Information technology	34,100	34,100	28,795	(5,305)
General services	1,620	1,620	10,943	9,323
Printing	253,000	253,000	281,841	28,841
County Counsel	-	-	772	772
Geographic information system	20000	20000	6618	(13,382)
Expo	800,000	800,000	800,274	274
Non departmental	50,000	50,000	13,674	(36,326)
Sale of equipment	-	-	-	0
Unemployment Fund	64,000	64,000	64,000	0
Regence and SAIF settlement	-	-	114,100	114,100
Indirect cost reimbursements, net	1,403,497	1,403,312	1,403,311	(1)
Total licenses, permits, fines and services	8,100,794	8,105,294	7,957,755	(147,539)
Interest earnings	45,000	45,000	45,152	152
TOTAL REVENUES	26,823,643	26,828,143	26,769,756	(58,387)
<i>See notes to basic financial statements</i>			26,400,159	(369,597)
<i>Continued on pages 10-17</i>				

**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	\$ 412,289	\$ 414,289	\$ 412,004	\$ 2,285
Materials and services	11,650	11,650	8,535	3,115
Total Commissioners	423,939	425,939	420,539	5,400
Assessment and Taxation				
Personal services	2,053,760	2,088,760	2,078,669	10,091
Materials and services	136,950	136,950	90,916	46,034
Capital outlay	5	5	-	5
Total Assessment and Taxation	2,190,715	2,225,715	2,169,585	56,130
Clerk				
Personal services	906,202	906,202	843,827	62,375
Materials and services	227,328	227,328	187,934	39,394
Capital outlay	1	1	-	1
Total Clerk	1,133,531	1,133,531	1,031,761	101,770
Treasurer				
Personal services	185,390	193,990	193,527	463
Materials and services	10,783	10,783	10,583	200
Total Treasurer	196,173	204,773	204,110	663
Surveyor				
Personal services	751,806	754,706	751,415	3,291
Materials and services	38,792	38,792	9,755	29,037
Capital Outlay	1	1	-	1
Total Surveyor	790,599	793,499	761,170	32,329

*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)**

EXPENDITURES (Continued)	Budget		Actual	Variance
	Original	Final		
Justice Court - Central Linn				
Personal services	\$ 531,271	\$ 542,506	\$ 508,326	\$ 34,180
Materials and services	95,660	95,660	95,631	29
Capital outlay	5	5	-	5
Total Justice Court - Central Linn	626,936	638,171	603,957	34,214
District Attorney				
Personal services	738,566	739,066	738,105	961
Materials and services	63,843	63,843	58,885	4,958
Total District Attorney	802,409	802,909	796,990	5,919
County Counsel				
Personal services	431,985	451,985	446,829	5,156
Materials and services	34,350	34,350	28,805	5,545
Total County Counsel	466,335	486,335	475,634	10,701
Juvenile				
Personal services	1,378,002	1,378,002	1,351,433	26,569
Materials and services	62,951	62,951	62,421	530
Total Juvenile Detention	1,440,953	1,440,953	1,413,854	27,099
Planning and Building				
Personal services	1,022,572	1,022,572	1,000,859	21,713
Materials and services	85,289	89,789	70,731	19,058
Capital Outlay	5	5	-	
Total Planning and Building	1,107,866	1,112,366	1,071,590	40,776
Sheriff - Civil				
Personal services	984,347	984,347	967,422	16,925
Materials and services	39,900	39,900	33,710	6,190
Total Sheriff - Civil	1,024,247	1,024,247	1,001,132	23,115

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	\$ 3,762,760	\$ 3,762,760	\$ 3,484,156	\$ 278,604
Materials and services	403,007	382,007	190,773	191,234
Capital Outlay	18,031	39,031	38,976	55
Total Sheriff - Criminal	4,183,798	4,183,798	3,713,905	469,893
Sheriff - Corrections				
Personal services	2,176,154	2,126,154	2,085,488	40,666
Materials and services	91,656	218,456	189,858	28,598
Total Sheriff - Corrections	2,267,810	2,344,610	2,275,346	69,264
Sheriff - Jail Fees				
Personal services	228,814	228,814	206,034	22,780
Materials and services	623	623	520	103
Total Sheriff - Jail Fees	229,437	229,437	206,554	22,883
Sheriff - Support Services				
Personal services	2,056,916	2,136,916	2,110,847	26,069
Materials and services	628,585	628,585	633,085	(4,500)
Capital outlay	1	1	-	1
Total Sheriff - Support Services	2,685,502	2,765,502	2,743,932	21,570
Medical Examiner				
Materials and services	53,682	54,682	53,678	1,004
Parks and Recreation				
Personal services	872,573	877,573	872,503	5,070
Materials and services	440,373	455,373	427,123	28,250
Capital outlay	175,000	175,000	78,220	96,780
Total Parks and Recreation	1,487,946	1,507,946	1,377,846	130,100

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	\$ 24,686	\$ 24,686	\$ 24,611	\$ 75
Materials and services	23,057	23,057	20,932	2,125
Capital outlay	25,000	25,000	-	25,000
Total Historical	72,743	72,743	45,543	27,200
General Administration				
Personal services	654,876	654,876	631,803	23,073
Materials and services	556,620	556,620	436,813	119,807
Capital outlay	1	1	-	1
Total General Administration	1,211,497	1,211,497	1,068,616	142,881
Information Systems				
Personal services	829,414	829,414	760,268	69,146
Materials and services	109,660	109,660	104,192	5,468
Capital outlay	20,001	20,001	-	20,001
Total Information Systems	959,075	959,075	864,460	94,615
Geographic System (GIS)				
Personal services	366,726	366,726	340,030	26,696
Materials and services	51,338	51,338	40,167	11,171
Capital outlay	1	1	-	1
Total Geographic System (GIS)	418,065	418,065	380,197	37,868
General Services				
Personal services	935,268	969,502	967,643	1,859
Materials and services	755,373	713,373	709,622	3,751
Capital outlay	39,000	136,766	129,863	6,903
Total General Services	1,729,641	1,819,641	1,807,128	12,513

*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	\$ 212,432	\$ 213,432	\$ 213,054	\$ 378
Materials and services	6,736	6,736	6,512	224
Total Veterans' Services	219,168	220,168	219,566	602
Printing				
Personal services	224,619	230,619	228,467	2,152
Materials and services	165,838	165,838	146,114	19,724
Total Printing	390,457	396,457	374,581	21,876
Expo				
Personal services	686,061	677,761	615,682	62,079
Materials and services	426,487	434,787	428,959	5,828
Capital outlay	1	41,301	20,000	21,301
Total Expo	1,112,549	1,153,849	1,064,641	89,208
Non-departmental				
Materials and services	1,145,245	1,145,245	766,282	378,963
Personal services	11,000	19,000	16,785	2,215
Capital outlay	6,600	6,600	-	6,600
Total Non-departmental	1,162,845	1,170,845	783,067	387,778
Contingency	973,025	430,285	-	430,285
TOTAL EXPENDITURES	29,360,943	29,227,038	26,929,382	2,297,656
Excess (deficiency) of revenues over expenditures	(2,537,300)	(2,398,895)	(159,626)	2,239,269

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				
	\$	-	\$	-
Transfer to non departmental	0	0	19,010	19,010
Road funds / Corrections	60,000	60,000	128	(59,872)
Corner Preservation/surveyor	329,937	329,937	160,143	(169,794)
Road funds / Surveyor	345,000	345,000	387,318	42,318
Road Fund / Juvenile	10,000	10,000	8,375	(1,625)
Fair fund to expo	17,500	17,500	17,500	0
Road Fund / GIS	45,000	45,000	21,200	(23,800)
Road Fund / Information Technology Service	35,000	35,000	164	(34,836)
Federal Forest/surveyor	5,000	5,000	0	(5,000)
Federal Forest/Planning	1,789	1,789	0	(1,789)
Federal Forest/parks	65,000	65,000	52,246	(12,754)
Federal Forest/sheriff support	53,000	53,000	78,000	25,000
Federal Forest/sheriff criminal	250,000	250,000	218,762	(31,238)
Federal Forest/sheriff juvenile	51,000	51,000	51,000	0
Federal Forest/sheriff corrections	100,000	100,000	111,127	11,127
Federal Forest/GIS	50,000	50,000	49,198	(802)
Transfers (to) other funds				
Dog Control	(200,231)	(300,231)	(250,231)	50,000
County Fair	(56,851)	(56,851)	(56,851)	0
General	(59,200)	(59,200)	(59,200)	0
General Grants /Sheriff support	(5,000)	(5,000)	(5,000)	0
Parks		(7,005)	(7,005)	
Fair to General grants	(6,601)	(6,601)	(6,601)	0
General Services/General Grants	(10,000)	(10,000)	(10,000)	0
Corner Preservation/Clerk	(192,000)	(192,000)	(156,902)	35,098
Law Library	(3,900)	(3,900)	(4,001)	(101)
Health Fund - A&D	(142,653)	(142,653)	(142,653)	0
Health Fund -Public	(1,023,596)	(1,023,596)	(1,027,934)	(4,338)
Health	(12,824)	(44,224)	(44,224)	0
To roads fund for loan payment	(678,444)	(678,444)	(698,457)	(20,013)
TOTAL OTHER FINANCING SOURCES (USES)	(973,074)	(1,111,479)	(1,294,888)	(183,409)

*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	\$ (3,510,374)	\$ (3,510,374)	\$ (1,454,514)	\$ 2,055,860
Fund balance at beginning of year	3,510,374	3,510,374	3,369,358	(141,016)
Fund balance at end of year	-	-	1,914,844	1,914,844
Reconciliation to GAAP basis				
Year End Cash Adjustment			2,431	4,654
Fair value adjustment			773	3,122
Property taxes receivable and available			46,261	91,149
Due from other governments and available			107,250	143,944
Due from other funds and available			48,876	54,225
Advance from Roads Fund			(2,226,077)	(2,786,679)
Accounts payable			(161,085)	(146,857)
Due to other funds			(28,484)	(21,010)
Payroll, payroll taxes and benefits payable			(1,903,033)	(1,900,252)
Fund balance (GAAP basis) - at end of year			\$ (2,198,244)	

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 fourth 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.

Properties – Established in the current fiscal year, this fund records the cost of transferring property and funds to the State of Oregon for the Construction of a Veterans Home, and the related property tax revenues.

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, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 6,954,093	\$ 6,954,093	\$ 6,216,622	\$ (737,471)
Federal forest	5,301,965	5,301,965	5,302,694	729
Intergovernmental	781,819	781,819	893,809	111,990
Interest earnings	600,000	600,000	320,695	(279,305)
Miscellaneous	576,500	576,500	453,101	(123,399)
TOTAL REVENUES	14,214,377	14,214,377	13,186,921	(1,027,456)
EXPENDITURES				
Personal services	6,594,293	6,879,899	6,555,901	323,998
Materials and services	5,042,886	5,024,886	3,428,553	1,596,333
Capital outlay	5,551,740	6,551,740	5,113,606	1,438,134
Contingency	13,888,902	12,621,296	-	12,621,296
TOTAL EXPENDITURES	31,077,821	31,077,821	15,098,060	15,979,761
Excess (deficiency) of revenues over expenditures	(16,863,444)	(16,863,444)	(1,911,139)	14,952,305
OTHER FINANCING SOURCES (USES)				
Loan repayments from other funds				
General fund /Accounting software	222,199	222,199	95,741	(126,458)
General Fund for park	456,245	456,245	456,245	-
General fund / Orcats	-	-	46,757	46,757
General fund / DA software	-	-	63,647	63,647
General fund / DA software	-	-	36,067	36,067
General Fund /Surveyor contract	(345,000)	(345,000)	(387,318)	(42,318)
Juvenile work crew/General Fund	(10,000)	(10,000)	(8,375)	1,625
ITS support/General Fund	(35,000)	(35,000)	(164)	34,836
GIS Contract	(45,000)	(45,000)	(21,200)	23,800
Loan Advance/General fund	(16,000,000)	(16,000,000)	(12,000,000)	4,000,000
Sheriff-Road Crew	(60,000)	(60,000)	(128)	59,872
Transfer to fund	-	-	-	-
Transfer to road/fuel	-	-	-	-
Indirect cost	-	-	-	-
911/loan/emergs ops	-	-	-	-
Fund balance	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(15,816,556)	(15,816,556)	(11,718,728)	4,097,828

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	\$ (32,680,000)	\$ (32,680,000)	\$ (13,629,867)	\$ 19,050,133
Fund balance at beginning of year	<u>32,680,000</u>	<u>32,680,000</u>	<u>32,569,517</u>	<u>(110,483)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>18,939,650</u>	<u>\$ 18,939,650</u>
Reconciliation to GAAP basis:				
Accounts receivable and available			26,720	32,883
Due from other funds			7,514	
Fair value adjustment			5,484	37,062
Due from other governments and available			1,082,203	397,591
Current portion of interfund loan receivable			560,601	323,628
Investment in fuel facility			126,956	177,633
Inventories			1,451,573	1,718,740
Accounts payable			(109,175)	(185,481)
Due to other funds			(33,642)	(37,369)
Payroll, payroll taxes and benefits payable			<u>(584,636)</u>	<u>(546,703)</u>
Total current reconciling items			2,533,598	1,917,984
Long-term portion of interfund loan receivable			<u>13,665,476</u>	<u>2,463,052</u>
Total all reconciling items			<u>16,199,074</u>	<u>4,381,036</u>
Fund balance (GAAP basis) at end of year			<u>\$ 35,138,724</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, 2011

REVENUES	Original Budget	Final Budget	Actual	Variance
Property taxes:				
Current year's levy	\$ 15,735,499	\$ 15,735,499	\$ 14,953,380	\$ (782,119)
Prior year's levy	201,000	201,000	467,828	266,828
Total property taxes	15,936,499	15,936,499	15,421,208	(515,291)
Interest earnings	20,000	20,000	29,164	9,164
TOTAL REVENUES	15,956,499	15,956,499	15,450,372	(506,127)
EXPENDITURES				
Personal services	13,250,991	13,303,011	13,035,905	267,106
Materials and services	3,197,011	3,144,991	2,686,558	458,433
Capital outlay	142,001	142,001	130,049	11,952
Contingency	-	-	-	-
TOTAL EXPENDITURES	16,590,003	16,590,003	15,852,512	737,491
Excess (deficiency) of revenues over expenditures	(633,504)	(633,504)	(402,140)	231,364
OTHER FINANCING SOURCES (USES)				
Transfer from Road Fund	-	-	-	-
Transfer to General Fund	(1,800)	(1,800)	-	-
Loan repayment to General Road Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,800)	(1,800)	-	-
Net change in fund balance	(635,304)	(635,304)	(402,140)	231,364
Fund balance at beginning of year	635,304	635,304	755,976	120,672
Fund balance at end of year	\$ -	\$ -	353,836	\$ 352,036
Reconciliation to GAAP basis:				
Property taxes receivable and available			74,584	
Fair value adjustment			102	
Accounts payable			(128,574)	
Due to other funds			(27,739)	
Payroll, payroll taxes and benefits payable			(1,030,717)	
Fund balance (GAAP basis) at end of year			\$ (758,508)	

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, 2011

REVENUES	Budget		Actual	Variance
	Original	Final		
Health administration:				
Grants	\$ 171,021	\$ 196,021	\$ 263,622	\$ 67,601
Donations/Gifts	-	-	-	-
Miscellaneous fees	-	-	1,475	1,475.00
Indirect cost reimbursement	43,162	43,162	43,165	3.00
Mental - emotional disturbances:				
Grants	2,720,630	2,720,630	2,710,424	(10,206)
Group home room and board	22,512	22,512	18,310	(4,202)
Title XIX	710,800	710,800	586,292	(124,508)
Contracts	112,808	112,808	121,711	8,903
Managed care	3,510,327	3,761,001	7,123,436	3,362,435
Reimbursements and charges	352,297	352,297	426,069	73,772
Earnings on deposits	39,419	39,419	41,856	2,437
Miscellaneous fees	32,225	32,225	25,344	(6,881)
Developmental disabilities:				
Grants	1,843,326	2,084,326	1,838,902	(245,424)
Miscellaneous fees	-	-	4,921	4,921
Earnings on deposits	12,370	12,370	6,535	(5,835)
Alcohol and drug:				
Grants	2,004,112	2,004,112	1,913,449	(90,663)
Beer and wine tax	101,943	101,943	95,269	(6,674)
Title XIX	55,101	55,101	63,164	8,063
Managed care	419,819	419,819	538,250	118,431
Reimbursements and contracts	46,470	46,470	41,882	(4,588)
Miscellaneous fees	24,747	24,747	22,453	(2,294)
Earnings on deposits	1,826	1,826	1,381	(445)
Indirect cost reimbursement	71,648	71,648	71,648	-
Public health:				
Grants	1444325	1,645,381	1,727,779	82,398
Medicaid administration	157,700	157,700	166,446	8,746
Title XIX	127,765	157,765	211,381	53,616
Family-PEP	442,083	442,083	359,576	(82,507)
Miscellaneous fees	107,629	109,629	137,886	28,257
Reimbursements	7,560	7,560	7,886	326
Earnings on deposits	1,141	1,141	2,583	1,442
Indirect cost reimbursement	208,840	208,840	208,840	-
Environmental health:				
Grants	40,252	40,252	40,252	-
Licenses and permits	365,925	365,925	322,913	(43,012)
Miscellaneous fees	292382	292382	321833	29,451
Earnings on deposits	506	506	758	252
Indirect cost reimbursement	64,079	64,079	64,079	-
TOTAL REVENUES	15,556,750	16,306,480	19,531,770	3,225,290

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	\$ 15,298,216	\$ 15,691,035	\$ 14,523,543	\$ 1,167,492
Materials and services	3,898,566	4,265,877	3,421,185	844,692
Indirect cost allocation	1,040,475	1,040,475	1,040,475	
Capital outlay	<u>12</u>	<u>12</u>	<u>-</u>	<u>12</u>
TOTAL EXPENDITURES (1)	<u>20,237,269</u>	<u>20,997,399</u>	<u>18,985,203</u>	<u>2,012,196</u>
		(760,130)		
Excess (deficiency) of revenues over expenditures	(4,680,519)	(4,690,919)	546,567	5,237,486
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,179,073	1,189,473	1,214,810	<u>25,337</u>
Transfers out	-	-	-	<u>-</u>
Net change in fund balance	(3,501,446)	(3,501,446)	1,761,377	5,262,823
Fund balance at beginning of year	<u>3,501,446</u>	<u>3,501,446</u>	<u>4,242,349</u>	<u>740,903</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>6,003,726</u>	<u>-</u>
Reconciliation to GAAP basis:				
Accounts receivable (net)			1,835	53,252
Fair market value and cash adjustment			1,214	17,034
Due from other governments and available			560,702	645,590
Due from other funds and available			85,864	105,722
Accounts payable			(267,806)	(133,489)
Due to other funds			(12,361)	(13,942)
Payroll, payroll taxes and benefits payable			<u>(1,261,169)</u>	<u>(1,168,815)</u>
Fund balance (GAAP basis) at end of year			<u>\$ 5,112,005</u>	<u>\$ (494,648)</u>
(1) Summary of Expenditures by Program				
Health administration	\$ 314,828	\$ 339,828	\$ 403,327	\$ (63,499)
Mental - emotional disturbances	10,411,805	10,662,479	9,128,317	1,534,162
Developmental disabilities	1,976,968	2,217,968	2,473,876	(255,908)
Alcohol and drug	3,007,886	3,007,886	2,688,375	319,511
Public health	3,718,672	3,951,728	3,442,366	509,362
Environmental health	<u>807,110</u>	<u>817,510</u>	<u>848,942</u>	<u>(31,432)</u>
TOTAL EXPENDITURES BY PROGRAM	<u>\$ 20,237,269</u>	<u>\$ 20,997,399</u>	<u>\$ 18,985,203</u>	<u>\$ 2,012,196</u>

See notes to basic financial statements

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROPERTIES FUND
Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Rentals	\$ -	\$ -	\$ -	\$ -
Earnings on deposits	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Materials and services	500,000	500,000	73,734	426,266
Debt service	-	-	-	-
Capital Outlay	15,500,000	15,500,000	11,926,266	3,573,734
TOTAL EXPENDITURES	16,000,000	16,000,000	12,000,000	4,000,000
Excess (deficiency) of revenues over expenditures	(16,000,000)	(16,000,000)	(12,000,000)	(4,000,000)
OTHER FINANCING SOURCES (USES)				
Transfer in	16,000,000	16,000,000	-	16,000,000
Transfer out	-	-	-	-
Net change in fund balance	-	-	(12,000,000)	(12,000,000)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	(12,000,000)	<u>\$ (12,000,000)</u>
Reconciliation to GAAP basis:				
Due from other funds			-	
Accounts payable			-	
Fund balance (GAAP basis) at end of year			<u>\$ (12,000,000)</u>	

LINN COUNTY
INTERNAL SERVICE FUND

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

LINN COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2011

		Governmental Activities
		Internal Service

<u>ASSETS</u>		
Cash and investments	\$	253,163
Interest Receivables		-
Due from other funds		20,831

TOTAL ASSETS		273,994

<u>LIABILITIES</u>		
Due to other governments		45,119
Claims liability		152,771

TOTAL LIABILITIES		197,890

<u>NET ASSETS</u>		
Unrestricted	\$	76,104
		=====

LINN COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2011

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Reimbursements	\$ 242,630
OPERATING EXPENSES	
Insurance claims	241,140
Operating income	1,490
NONOPERATING REVENUES	
Interest earnings	2,399
Other financing sources (uses)	
Transfer to General fund	(64,000)
Change in net assets	(60,111)
Total net assets - beginning of year	136,215
Total net assets - end of year	\$ 76,104

See notes to basic financial statements

LINN COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	Governmental Activities
	Internal Service
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 242,239
Cash paid for insurance claims	(215,455)
	26,784
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	2,398
Transfer to the general fund	(64,000)
	(61,602)
Net increase in cash and cash equivalents	(34,818)
Cash and cash equivalents - beginning of year	287,980
	253,162
Cash and cash equivalents - end of year	\$ 253,162
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,490
Decrease (increase) in accounts receivable	1,552
Decrease (increase) in due from other funds	(621)
Increase (decrease) in due to other government	6,343
Increase (decrease) in claims liability	18,020
	18,020
Net cash provided by operating activities	\$ 26,784

See notes to basic financial statements

LINN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

		Agency
<u>ASSETS</u>		
Cash and investments	\$	2,671,507
Receivables		9,761,225
Due from other governments		110,558
TOTAL ASSETS	\$	12,543,290
 <u>LIABILITIES</u>		
Accounts payable	\$	30,294
Due to other governments		953,513
Amounts held in trust		11,559,483
TOTAL LIABILITIES	\$	12,543,290

See notes to basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2011

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LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2011

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, except the agency fund has no measurement focus under accrual accounting.. 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
Properties

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.

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

Net Assets

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

Fund Equity

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the Board of Commissioners, by formal board action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the County Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned – This is the residual classification used for those balances not assigned to another category.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the County's policy to use committed resources first, then assigned, and then unassigned as they are needed.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Assets and Fund Equity (continued)

New Accounting Pronouncement – GASB Statement No. 54

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The County implemented GASB 54 in the year ending June 30, 2011.

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, 2011, the County had the following investments:

	Rating	Maturities	Fair Value
State Treasurer's Investment Pool	No rating	N/A	\$ 12,624,077
U.S. Government Agencies			
Federal Home Loan Bank	AAA	8/22/2012	1,004,146
Corporate Bond	AAA	3/15/2012	1,569,144
Corporate Bond	AA	04/15/2012	1,048,518
Corporate note	Aa1	3/15/2012-7/2/2012	1,561,868
Corporate Bond	AA3	04/18/2012	1,052,758
Corporate note	A1	01/11/13	1,549,536
Corporate Bonds	AA2	09/17/2012	1,598,198
Corporate Bonds	A2	10/1/2012	1,069,329
Corporate Bond	A3	10/23/2012	531,594
General Electric Capital Corporation	AA2	06/15/2012	1,046,700
			<hr/>
Total			\$24,655,868

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 \$24,655,868 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. Investments in the LGIP are not exposed to custodial credit risk. 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 City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2011, none of the City'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, 2011, are as follows:

Cash on hand	\$ 40,024
Deposits with financial institutions	
Checking and saving accounts	3,986,641
Certificates of Deposit	3,624,496
Investments	<u>24,655,868</u>
Total cash and investments – all funds	<u>\$ 32,307,029</u>

B. Cash and Investments by fund:

Governmental activities

Governmental funds

General	\$ 2,672,545
General Road	18,945,135
Law Enforcement 4-Year Levy	353,937
Health	6,004,940
Other governmental funds	<u>1,405,601</u>
Total governmental funds	29,382,158

Proprietary fund

Internal Service	<u>253,162</u>
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Total governmental activities	29,635,320
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Fiduciary fund

Agency	<u>2,671,507</u>
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Total cash and investments	<u>\$ 32,306,827</u>
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

	General	General Roads	Enforcement 4-Year Levy	Health	Government Funds	Internal Service	Agency	Totals
Property taxes	\$ 869,970	\$ -	\$ 1,428,417	\$ -	\$ -	\$ -	\$ 8,940,655	\$ 11,239,042
Accounts		26,720	-	840,419	11,339		820,570	1,699,048
Interest	12,468	88,468	1,653	28,044	-			130,633
Contracts and loans		-	-	-	85,827			85,827
Assessment		42,077	-	-	-			42,077
Gross Receivable, net	882,438	157,265	1,430,070	868,463	97,166	-	9,761,225	13,196,627
Less Allowance for uncollectible	-	-	-	(470,575)	-	-	-	(470,575)
Receivables, net	\$882,438	\$157,265	\$1,430,070	\$397,888	\$97,166	\$ -	\$9,761,225	\$12,726,052

4. INTERFUND RECEIVABLES AND PAYABLES

Fund	Due from Other Funds	Due to Other Funds
General	\$ 48,876	\$ 28,484
General Road	7,514	33,642
Law Enforcement 4-Year Levy	-	27,739
Health	85,864	12,361
Other governmental funds	800	61,659
Internal service	20,831	-
	<u>\$ 163,885</u>	<u>\$ 163,885</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 \$43,769 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 in fiscal 2008-09. The loan will be repaid over a ten-year period. During the fiscal year 2009-10 interfund loans between the General Fund and the Roads Fund amounted to \$890,000 for a new assessment and taxation system \$420,000, a new District Attorney tracking system \$300,000, and a new elevator in the County Courthouse \$170,000. Interest payments of \$30,029 were made to the Road Fund for these additional interfund loans. Also, During the current fiscal year a new interfund loan of \$12,000,000 was made from the Roads fund to the Properties Fund, to purchase land which was given to the State of Oregon as a contribution to the new Veterans' Home. This loan will be paid off over a 10 year period. The combined balance of the interfund loans is \$14,226,077 as of June 30, 2011.

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:

Fund	Transfer In	Transfer out
General	\$ 1,174,171	\$ 2,469,059
General Road	698,458	12,417,185
Health	1,214,810	-
Other Government Funds	<u>12,555,791</u>	<u>756,986</u>
Total	<u>\$15,643,230</u>	<u>\$15,643,230</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

	Balances June 30, 2010	Additions	Deletions	Balances June 30, 2011
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 16,756,667	\$ 71,337	\$ -	\$ 16,828,004
Infrastructure	95,215,722	492,450	40,609	95,667,563
Construction in progress	2,258,590	3,465,208	1,328,851	4,394,947
Total capital assets not being depreciated	<u>114,230,979</u>	<u>4,028,995</u>	<u>1,369,460</u>	<u>116,890,514</u>
Capital assets being depreciated				
Buildings and improvements	45,232,102	218,514	-	45,450,616
Intangibles	544,001	752,211	-	1,296,212
Equipment	21,865,507	675,214	796,823	21,743,898
Infrastructure	21,624,886	81,091	-	21,705,977
Total capital assets being depreciated	<u>89,266,496</u>	<u>1,727,030</u>	<u>796,823</u>	<u>90,196,703</u>
Less accumulated depreciation for:				
Buildings and improvements	9,528,904	737,980	-	10,266,884
Intangibles	303,586	93,888	-	397,474
Equipment	13,635,803	1,146,237	690,032	14,092,008
Infrastructure	6,222,942	396,224	-	6,619,166
Total accumulated depreciation	<u>29,691,235</u>	<u>2,374,329</u>	<u>690,032</u>	<u>31,375,532</u>
Total capital assets, being depreciated, net	<u>59,575,261</u>	<u>(647,299)</u>	<u>106,791</u>	<u>58,821,171</u>
Governmental activities capital assets, net	<u>\$ 173,806,240</u>	<u>\$ 3,381,696</u>	<u>\$ 1,476,251</u>	<u>\$ 175,711,685</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	\$	226,979
Local government services		40,247
Public safety		623,502
Health services		52,484
Community development		388,312
Highways and streets		<u>1,042,805</u>

Total depreciation expense – governmental activities \$ 2,374,329

8. DUE TO OTHER GOVERNMENTS

At June 30, 2011 the internal service fund owed the State of Oregon \$45,119.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

During the year ended June 30, 2011, the following changes occurred with long-term obligations:

	Balances June 30, 2010	Additions	Reductions	Balances June 30, 2011	Balances Due Within One Year
Accumulated compensated absences	\$3,891,984	\$3,642,906	\$3,891,984	\$3,642,906	\$2,367,889
	<u> </u>				
Totals	<u>\$ 3,891,984</u>	<u>\$ 3,642,906</u>	<u>\$ 3,891,984</u>	<u>\$ 3,642,906</u>	<u>\$ 2,367,889</u>

All major funds and the general grants fund have been used in prior years to liquidate the liability for compensated absences, with the exception of the properties fund.

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, 2011, were \$213,671. Future minimum lease payments for the non cancelable leases are as follows.

	Year ending June 30,
2012	\$ 170,936
2013	128,203
2014	85,469
2015	42,734
2016	<u>32,050</u>
Total	<u>\$ 459,392</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. CONDUIT DEBT

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

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

This conduit debt obligation at June 30, 2011, amounts to \$945,000. A principal reduction of \$105,000 and interest payments totaling \$57,457 were paid in 2010-11 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, 2011 and 2010 the annual OPEB cost was equal to the ARC of \$442,478 and \$442,852 respectively, and the County's contributions were equal to the implicit rate subsidy of \$209,893 and \$112,954 respectively. The County's net OPEB obligation as of June 30, 2011 and 2010 was \$900,080 and \$667,495 respectively (annual OPEB cost less contributions made).

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date, the actuarially accrued liability was \$4,241,537 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 \$32,440,648, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 7.65%. The County implemented GASB 45 in fiscal 2008-09. A the multi-year schedule of funding progress is presented below.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. POSTEMPLOYMENT HEALTHCARE BENEFIT: (Continued):

Schedule of Funding Progress

Valuation Date	Assets	Actuarial Accrued	Unfunded Actuarial	Funded Ratio	Covered Payroll	UAAL÷ Payroll
7/1/2008	\$ -	\$ 3,614,984	\$ 3,614,984	0%	\$ 31,569,264	11.45%
7/1/2010	0	4,241,537	4,241,537	0%	TBD	TBD

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, 2010 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 9 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. RETIREMENT PLAN

Plan Description

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

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

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 12.00 percent during current fiscal year. For employees hired on or after August 29, 2003, the county's contribution rate is 10.36 percent for general service employees and 13.07 percent for police and fire employees of covered compensation. The 2009-10, 2010-2011 rates were based on a December 31, 2009 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. RETIREMENT PLAN (Continued)

Annual Pension Cost

For 2010-11, the County's annual pension cost of \$4,002,998 was equal to the County's required and actual contributions. The County also paid the employees' share amounting to \$2,022,744. 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 over a closed period. 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.

Three-Year Trend Information

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2009	\$ 4,475,926	100%	-
2010	3,857,567	100%	-
2011	4,002,998	100%	-

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. RETIREMENT PLAN (continued)

Schedule of Funding Progress for Retirement Plan

	Actuarial Valuation as of December 31,		
	2009	2007	2005
Actuarial value of assets (AVA) (a)	\$ 135,458,576	\$ 158,689,848	\$ 134,065,642
Actuarial accrued liability (AAL) (b)	173,289,627	160,988,659	149,947,404
Unfunded actuarial accrued liability (b-a)	<u>37,831,051</u>	<u>2,298,811</u>	<u>15,881,762</u>
Funded percent (a/b)	<u>78%</u>	<u>99%</u>	<u>89%</u>
Covered payroll (c)	<u>\$ 32,768,668</u>	<u>\$ 30,341,309</u>	<u>\$ 27,612,228</u>
Unfunded actuarial accrued liability as a Percentage of covered payroll [(b-a)/c]	<u>115%</u>	<u>8%</u>	<u>58%</u>

The Public Employers Retirement System (PERS) for the State of Oregon produces an actuarial report every two years, with the 2009 report being the most recent, issued December 31, 2009.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. 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 \$152,771 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>
2008-09	136,444	73,918	112,837	97,523
2009-10	97,523	(7,792)	224,482	134,751
2010-11	134,751	(46,382)	241,140	152,771

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. 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.

15. COMMITMENTS

A. Construction commitments Linn County has the following active construction projects as of June 30, 2011.

	<u>Spent to date</u>	<u>Remaining Commitments</u>
Financial Accounting Software	\$ 160,964	\$ 177,621
Bridge/ Road Improvement	3,891,215	11,300,000
Parks-River Bend Addition	300,319	650,000
Parks-Clear Lake dock	42,449	33,000
Totals	\$ <u>4,394,947</u>	\$ <u>12,160,621</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, 2011. All advances must be repaid by May 31, 2012.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. FUND DEFICITS

At June 30, 2011, General Fund had a deficit fund balance of (\$2,198,844). The General Fund has an interfund loan balance with the Roads Fund of \$2,226,077 as of June 30, 2011 which represents the reason for the deficit. The loans will be paid back with general fund revenue over the next eight years.

At June 30, 2011, the Law Enforcement 4-Year Levy Fund had a deficit fund balance of (\$758,509) primarily due to recording the accrued payroll.

At June 30, 2011, the Dog Control fund had a deficit fund balance of (\$8,488) primarily due to recording the accrued payroll.

At June 30, 2011, the County Forest/Parks fund had a deficit fund balance of (\$10,823) primarily due to one accounts payable invoice.

At June 30, 2011, the Properties fund had a deficit fund balance of (\$12,000,000) primarily due to an interfund loan with the Roads Fund. (discussed in previous notes, and the MD&A)

17. 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 34.2 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 - 2007-2011

Fiscal Year (Ending June 30)					
	2010-11	2009-10	2008-09	2007-08	2006-07
Arterials					
Planned	\$ 190,446	\$ 162,443	\$ 186,401	\$ 156,604	\$ 185,056
Actual	\$ 214,560	\$ 159,770	\$ 195,084	\$ 132,375	\$ 171,100
Collectors					
Planned	\$ 3,636,616	\$ 3,101,880	\$ 3,559,366	\$ 2,990,394	\$ 3,533,679
Actual	\$ 4,097,075	\$ 3,050,839	\$ 3,725,170	\$ 2,527,741	\$ 3,267,192
Local					
Planned	\$ 5,241,806	\$ 4,471,038	\$ 5,130,458	\$ 4,310,343	\$ 5,093,433
Actual	\$ 5,905,509	\$ 4,397,469	\$ 5,369,447	\$ 3,643,477	\$ 4,709,320
Total Planned	\$ 9,068,868	\$ 7,735,361	\$ 8,876,225	\$ 7,457,341	\$ 8,812,168
Total Actual	\$ 10,217,144	\$ 7,608,077	\$ 9,289,701	\$ 6,303,594	\$ 8,147,612
Difference	\$ (1,148,276)	\$ 127,283	\$ (413,476)	\$ 1,153,748	\$ 664,555

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 2010-2011 was primarily related to the additional asphalt paving project funded by the American Recovery Act.

Functional Class	Pavement Condition Index (weighted average)		
	2010	2008	2006
Arterial	76.3	78.1	81.9
Collector	78.5	79.1	82.7
Residential / Local	81.3	79.5	80.7

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 SPECIAL REVENUE FUNDS
June 30, 2011

	County Fair	Dog Control	Law Library	General Grants	Bike Trails	Comer Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Totals
ASSETS											
Cash and investments	\$ 89,134	\$ 25,880	\$ 271,914	\$ 712,358	\$ 20,322	\$ 226,084	\$ 26,662	\$ 3,447	\$ -	\$ 30,000	\$ 1,405,801
Receivables, net of allowance for doubtful accounts	-	-	11,339	85,827	-	-	-	-	-	-	97,166
Due from other funds	-	-	-	800	-	-	-	-	-	-	800
Due from other governments	-	-	-	145,475	6,116	-	-	-	-	-	151,591
TOTAL ASSETS	\$ 89,134	\$ 25,880	\$ 283,253	\$ 944,460	\$ 26,438	\$ 226,084	\$ 26,662	\$ 3,447	\$ -	\$ 30,000	\$ 1,655,358
LIABILITIES											
Accounts payable	\$ 23,076	\$ 964	\$ 604	\$ 160,285	\$ -	\$ -	\$ -	\$ 14,270	\$ -	\$ -	\$ 199,199
Advances from other funds	-	-	-	-	-	-	-	-	-	-	0
Due to other funds	2,651	-	36	58,972	-	-	-	-	-	-	61,659
Deferred revenue	-	-	-	85,827	-	-	-	-	-	-	85,827
Payroll, payroll taxes and benefits payable	-	33,404	3,586	111,044	-	-	-	-	-	-	148,034
TOTAL LIABILITIES	25,727	34,368	4,226	416,128	-	-	-	14,270	-	-	494,719
FUND BALANCES											
Non spendable:											
Inventories	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Roads	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-	-	-	-
Grants/ minor funds	63,407	(8,488)	279,027	528,332	26,438	226,084	26,662	(10,823)	-	30,000	1,160,639
Committed to:											
Interfund loan commitments	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Assigned to:											
Unassigned	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	63,407	(8,488)	279,027	528,332	26,438	226,084	26,662	(10,823)	-	30,000	1,160,639
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,134	\$ 25,880	\$ 283,253	\$ 944,460	\$ 26,438	\$ 226,084	\$ 26,662	\$ 3,447	\$ -	\$ 30,000	\$ 1,655,358

LINN COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2011

	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	Totals
REVENUES												
Intergovernmental	\$ 36,031	\$ -	\$ -	\$ 3,030,097	\$ 59,154	\$ 662,008	\$ -	\$ -	\$ -	\$ 2,319,738	\$ 738,865	\$ 6,845,893
Licenses, permits, fines and services	222,075	204,453	126,357	279,411	-	-	-	-	4,804	-	-	837,100
Interest earnings	582	(62)	3,024	10,717	3,578	-	2,852	353	8	1,090	-	22,142
Miscellaneous	-	-	-	200	-	-	-	3,583	-	-	-	3,783
TOTAL REVENUES	258,688	204,391	129,381	3,320,425	62,732	662,008	2,852	3,936	4,812	2,320,828	738,865	7,708,918
EXPENDITURES												
Public safety	-	440,393	121,957	1,091,929	-	662,008	-	-	-	-	331,000	2,647,287
Health services	-	-	-	-	-	-	-	-	-	-	-	-
Community development	331,943	-	-	2,100,347	337,899	-	23,703	18,579	16,000	-	-	2,828,471
Apportionments to school districts	-	-	-	-	-	-	-	-	-	2,320,828	-	2,320,828
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	331,943	440,393	121,957	3,192,276	337,899	662,008	23,703	18,579	16,000	2,320,828	331,000	7,796,586
Excess (deficiency) of revenues over expenditures	(73,255)	(236,002)	7,424	128,149	(275,167)	-	(20,851)	(14,643)	(11,188)	-	407,865	(87,668)
OTHER FINANCING SOURCES (USES)												
Transfers in	56,851	250,231	4,001	80,801	-	-	156,902	7,005	-	-	-	555,791
Transfers out	(15,000)	-	-	(7,500)	-	-	(160,143)	(14,010)	-	-	(560,333)	(756,986)
TOTAL OTHER FINANCING SOURCES (USES)	41,851	250,231	4,001	73,301	-	-	(3,241)	(7,005)	-	-	(560,333)	(201,195)
Not change in fund balances	(31,404)	14,229	11,425	201,450	(275,167)	-	(24,092)	(21,648)	(11,188)	-	(152,468)	(288,863)
Fund balances at beginning of year	94,811	(22,717)	267,602	326,882	301,605	-	250,176	48,310	365	-	182,468	1,449,502
Fund balances (deficit) at end of year	\$ 63,407	\$ (8,488)	\$ 279,027	\$ 528,332	\$ 26,438	\$ -	\$ 226,084	\$ 26,662	\$ (10,823)	\$ -	\$ 30,000	\$ 1,160,639

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.

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, 2011

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Oregon State Lottery distribution	\$ 36,049	\$ 36,031	\$ (18)
Parking fees	16,000	18,030	2,030
Sponsorship fees	92,500	71,400	(21,100)
Gate fees, carnival fees, entry fees	71,100	63,498	(7,602)
Booth revenues, contracts, miscellaneous	60,500	69,147	8,647
Interest earnings	<u>1,000</u>	<u>582</u>	<u>(418)</u>
TOTAL REVENUES	277,149	258,688	(18,461)
EXPENDITURES			
Materials and services	<u>334,000</u>	<u>322,316</u>	<u>11,684</u>
Excess (deficiency) of revenues over expenditures	(56,851)	(63,628)	(6,777)
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	56,851	56,851	-
Transfer to General Fun	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	(15,000)	(21,777)	(6,777)
Fund balance at beginning of year	<u>15,000</u>	<u>110,911</u>	<u>95,911</u>
Fund balance at end of year		89,134	<u>\$ 89,134</u>
Reconciliation to GAAP basis:			
Due to other Funds		(2,651)	
Accounts payable		<u>(23,076)</u>	
Fund balance (GAAP basis) at end of year		<u>\$ 63,407</u>	

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, 2011

	Budget Original/Final	Actual	Variance
REVENUES			
Dog licenses and penalties	\$ 176,373	\$ 158,670	\$ (17,703)
Dog fees - miscellaneous	62,436	42,383	(20,053)
Grants	3,750	3,400	
Interest earnings	<u>3,414</u>	<u>130</u>	<u>(3,284)</u>
TOTAL REVENUES	<u>245,973</u>	<u>204,583</u>	<u>(41,040)</u>
EXPENDITURES			
Personal services	389,923	386,834	3,089
Materials and services	<u>87,816</u>	<u>51,646</u>	<u>36,170</u>
TOTAL EXPENDITURES	<u>477,739</u>	<u>438,480</u>	<u>39,259</u>
Excess (deficiency) of revenues over expenditures	(231,766)	(233,897)	(2,131)
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	<u>200,231</u>	<u>250,231</u>	<u>50,000</u>
Net change in fund balance	(31,535)	16,334	47,869
Fund balance at beginning of year	<u>31,535</u>	<u>8,655</u>	<u>(22,880)</u>
Fund balance at end of year	<u>\$ -</u>	<u>24,989</u>	<u>\$ 24,989</u>
Reconciliation to GAAP basis:			
FMV Adjustment		891	
Accounts payable		(964)	
Due to other fund		-	
Payroll, payroll taxes and benefits payable		<u>(33,404)</u>	
Fund (deficit) (GAAP basis) at end of year		<u>\$ (8,488)</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, 2011**

	Budget Original/Final	Actual	Variance
REVENUES			
Law library fees	\$ 100,000	\$ 127,889	\$ 27,889
Research and card fees	5	-	(5)
Interest earnings	4,000	3,024	(976)
Miscellaneous	5	-	(5)
TOTAL REVENUES	104,010	130,913	26,903
EXPENDITURES			
Personal services	39,947	36,568	3,379
Materials and services	116,950	56,079	60,871
Indirect cost allocation	28,764	28,764	-
Capital outlay	112,156	-	112,156
Contingency	60,000	-	60,000
TOTAL EXPENDITURES	357,817	121,411	236,406
Excess (deficiency) of revenues over expenditures	(253,807)	9,502	263,309
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	3,900	4,001	101
Net change in fund balance	(249,907)	13,503	263,410
Fund balance at beginning of year	249,907	258,411	8,504
Fund balance at end of year	\$ -	271,914	\$ 271,914
Reconciliation to GAAP basis:			
Accounts receivable		11,339	
Accounts payable		(604)	
Due to other fund		(36)	
Payroll, payroll taxes and benefits payable		(3,586)	
Fund balance (GAAP basis) at end of year		\$ 279,027	

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, 2011

REVENUES	Budget		Actual	Variance
	Original	Final		
Commissioners:				
Commissioners' grants	\$ 215,000	\$ -	\$ 261,115	\$ 46,115
Earnings on deposits	1,450	1,450	5,321	3,871
Reimbursements and miscellaneous fees	220,000	220,000	232,644	12,644
Veteran's Services:				
Rental payments			7,647	7,647
Parks:				
Rental payments	9,600	9,600	9,600	-
Reimbursements	5,000	5,000	-	(5,000)
Donations/ Gifts	5,000	5,000	100	(4,900)
Grants	241,199	241,199	230,010	(11,189)
Earnings on deposits	1,550	1,550	1,001	(549)
Marine gas tax	62,500	62,500	62,500	-
RV license fees	335,000	335,000	316,626	(18,374)
Fair	20,000	20,000	29,420	9,420
Environmental health	-	-	-	-
Sheriff grants	435,566	87,900	523,466	320,140
District attorney grants	492,237		492,237	497,206
Juvenile:				
Grants	471,295		471,295	332,654
Matching funds	1,111		1,111	1,111
Children and families:				
Grants	875,632	43,000	918,632	799,788
Title XIX	70,000	-	70,000	54,003
Earnings on deposits	886		886	3,655
Linn Benton Mediation Grant	83,400		83,400	73,864
Earnings on deposit	1,500		1,500	1,179
Nondepartmental grants	-		-	-
General services Grants	-	5,000	5,000	41,011
Energy Utility Reimbursement	113,634		113,634	27,073
TOTAL REVENUES	3,661,560	135,900	3,797,460	3,307,668
				(489,792)

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	\$ 802,421	\$ -	\$ 802,421	\$ 440,129	\$ 362,292
Veteran's services	10,577		10,577	18	10,559
Parks grants	763,866	(5,000)	758,866	672,289	86,577
Fair	48,000		48,000	29,148	18,852
Sheriff	472,008	87,900	559,908	261,120	298,788
District attorney grants	553,628	19,883	573,511	515,011	58,500
Juvenile high risk	398,900	-	398,900	325,402	73,498
Children and families	923,763	43,000	966,763	863,422	103,341
Linn Benton mediation grant	186,900		186,900	82,358	104,542
General Services	135,235	5,000	140,235	11,277	128,958
Indirect Cost	35,940		35,940	35,758	182
TOTAL EXPENDITURES	4,331,238	150,783	4,482,021	3,235,932	1,246,089
Excess (deficiency) of revenues over expenditures	(669,678)	(14,883)	(684,561)	71,736	756,297
OTHER FINANCING SOURCES (USES):					
Transfers in	80,801	0	80,801	80,801	-
Transfers out	(2,500)	5,000	(7,500)	(7,500)	-
Total other financing sources (uses)	78,301	5,000	73,301	73,301	-
Net change in fund balance	(591,377)		(611,260)	145,037	756,297
Fund balance of beginning of year	591,377	0	611,260	566,915	(44,345)
Fund balance at end of year	\$ -		\$ -	711,952	\$ 711,952
Reconciliation to GAAP basis:					
FMV adjustment				206	
Adjust cash on hand				200	
Due from other governments and available				145,475	
Due from other funds				800	
Accounts payable				(160,285)	
Due to other funds				(58,972)	
Payroll, payroll taxes and benefits payable				(111,044)	
Fund balance (GAAP basis) at end of year				\$ 528,332	

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, 2011**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Motor vehicle apportionments	\$ 70,243	\$ 57,524	\$ (12,719)
Interest earnings	<u>10,000</u>	<u>3,578</u>	<u>(6,422)</u>
TOTAL REVENUES	<u>80,243</u>	<u>61,102</u>	<u>(19,141)</u>
EXPENDITURES			
Capital outlay	<u>410,243</u>	<u>337,899</u>	<u>72,344</u>
Net change in fund balance	(330,000)	(276,797)	53,203
Fund balance at beginning of year	<u>330,000</u>	<u>297,119</u>	<u>(32,881)</u>
Fund balance at end of year	<u>\$ -</u>	<u>20,322</u>	<u>\$ 20,322</u>
Reconciliation to GAAP basis:			
Accounts Receivable		6,116	
Fund balance (GAAP basis) at end of year		<u>\$ 26,438</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
9-1-1 EMERGENCY COMMUNICATIONS - SPECIAL REVENUE FUND
Year Ended June 30, 2011**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
9-1-1 emergency communications tax	\$ 200,000	\$ 237,490	\$ 37,490
Cities' 9-1-1 emergency communication tax	<u>750,000</u>	<u>424,518</u>	<u>(325,482)</u>
TOTAL REVENUES	950,000	662,008	(287,992)
EXPENDITURES			
Materials and services	<u>950,000</u>	<u>662,008</u>	<u>287,992</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, 2011**

	<u>Budget Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest earnings	\$ 3,000	\$ 2,852	\$ (148)
TOTAL REVENUES	<u>3,000</u>	<u>2,852</u>	<u>(148)</u>
EXPENDITURES			
Materials and services, and indirect cost	64,932	23,721	41,211
Capital outlay	9,065	-	9,065
Contingency	20,000	-	20,000
Reserve for Future Years	<u>6,457</u>		
TOTAL EXPENDITURES	<u>100,454</u>	<u>23,721</u>	<u>70,276</u>
Excess (deficiency) of revenues over expenditures	(97,454)	(20,869)	76,585
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund - Clerks Office	192,600.00	156,902.00	(35,698)
Transfer to Surveyor Contract/GIS Contract	(329,937.00)	(160,143.00)	169,794
Total other financing sources (uses)	<u>(137,337.00)</u>	<u>(3,241.00)</u>	<u>134,096</u>
Net change in fund balance	(234,791)	(24,110)	210,681
Fund balance at beginning of year	<u>234,791</u>	<u>250,194</u>	<u>15,403</u>
Fund balance at end of year	<u>\$ -</u>	<u>226,084</u>	<u>\$ 226,084</u>
Reconciliation to GAAP basis:			
Due to other Funds		-	
Accounts payable		<u>-</u>	
Fund balance (GAAP basis) at end of year		<u>\$ 226,084</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, 2011**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest earnings	\$ 1,010	\$ 353	\$ (657)
Donations and gifts	<u>4,000</u>	<u>3,583</u>	<u>(417)</u>
TOTAL REVENUES	<u>5,010</u>	<u>3,936</u>	<u>(1,074)</u>
EXPENDITURES			
Personal services	6	-	6
Material and services	2,056	-	2,056
Capital outlay	<u>44,400</u>	<u>18,579</u>	<u>25,821</u>
TOTAL EXPENDITURES	<u>46,462</u>	<u>18,579</u>	<u>27,883</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	0	7,005	<u>7,005</u>
Transfer out	<u>(14,010)</u>	<u>(14,010)</u>	<u>-</u>
Net change in fund balance	(55,462)	(21,648)	33,814
Fund balance at beginning of year	<u>55,462</u>	<u>48,310</u>	<u>(7,152)</u>
Fund balance at end of year	<u>\$ -</u>	<u>26,662</u>	<u>\$ 26,662</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 GUDGETARY BASIS) AND ACTUAL
 COUNTY FOREST/PARK - SPECIAL REVENUE FUND
 Year Ended June 2011

	Budget Original/Final	Actual	Variance
REVENUES			
Timber sales	\$ 200,000	\$ 4,804	\$ (195,196)
Interest earnings	3,000	8	(2,992)
TOTAL REVENUES	<u>203,000</u>	<u>4,812</u>	<u>(198,188)</u>
EXPENDITURES			
Personal services	12	-	12
Materials and services	23,165	1,730	21,435
Capital outlay	180,198	-	180,198
TOTAL EXPENDITURES	<u>203,375</u>	<u>1,730</u>	<u>201,645</u>
Net change in fund balance	(375)	3,082	3,457
Fund balance at beginning of year	<u>375</u>	<u>365</u>	<u>(10)</u>
Fund balance at end of year	<u>\$ -</u>	<u>3,447</u>	<u>\$ 3,447</u>
Reconciliation to GAAP basis:			
Accounts Payable		(14,270)	
Fund balance (GAAP basis) at end of year		<u>\$ (10,823)</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, 2011

	Budget Original/Final	Actual	Variance
REVENUES			
State forest land sales	\$ 1,000,000	\$ 473,218	\$ (526,782)
Federal forest land sales	2,500,000	1,767,565	(732,435)
Private Car Co Tax	3,000	2,996	(4)
Electric co-op tax	65,000	75,482	10,482
Miscellaneous fees	-	477	477
Interest earnings	1,000	1,090	90
TOTAL REVENUES	3,569,000	2,320,828	(1,248,172)
EXPENDITURES			
Distribution payments	3,569,000	2,320,828	1,248,172
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	-	\$ -
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		\$ -	

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, 2011**

	<u>Budget Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal Forest /PL 106-393/ Title III	\$ -	\$ -	\$ -
EXPENDITURES			
Materials and services	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Transfer out	<u>(74,000)</u>	<u>(74,000)</u>	<u>-</u>
Net change in fund balance	(74,000)	(74,000)	-
Fund balance at beginning of year	<u>74,000</u>	<u>74,000</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 BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FEDERAL FOREST - SPECIAL REVENUE FUND
Year Ended June 30, 2011**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal Forest	\$ 738,789	\$ 738,865	\$ 76
EXPENDITURES			
Materials and services	<u>331,000</u>	<u>331,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	407,789	407,865	76
OTHER FINANCING SOURCES (USES):			
Transfer out	0	-	
Transfer out	<u>(501,789)</u>	<u>(486,333)</u>	<u>15,456</u>
Net change in fund balance	(94,000)	(78,468)	15,532
Fund balance at beginning of year	<u>94,000</u>	<u>108,468</u>	<u>14,468</u>
Fund balance at end of year	<u>\$ -</u>	30,000	<u>\$ 30,000</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 30,000</u>	

LINN COUNTY
INTERNAL SERVICE FUND

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

LINN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 UNEMPLOYMENT INSURANCE - INTERNAL SERVICE FUND
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Reimbursements	\$ 235,000	\$ 243,562	\$ 8,562
Interest earnings	<u>6,500</u>	<u>2,726</u>	<u>(3,774)</u>
TOTAL REVENUES	<u>241,500</u>	<u>246,288</u>	<u>4,788</u>
EXPENDITURES			
Program management	3,500	1,323	2,177
Claim payments	350,000	215,455	134,545
Contingency	<u>191,500</u>	<u>-</u>	<u>191,500</u>
TOTAL EXPENDITURES	<u>545,000</u>	<u>216,778</u>	<u>328,222</u>
Excess (deficiency) of revenues over expenditures	(303,500)	29,510	(323,434)
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(64,000)	(64,000)	-
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(64,000)</u>	<u>(64,000)</u>	<u>-</u>
Net change in fund balance	(367,500)	(34,490)	(323,434)
Fund balance at beginning of year	<u>367,500</u>	<u>287,653</u>	<u>79,847</u>
Fund balance at end of year	<u>\$ -</u>	<u>253,163</u>	<u>\$ (243,587)</u>
Reconciliation to GAAP basis:			
Fair value adjustment		-	
Interest Receivable		-	
Due from other funds and available		20,831	
Due to other governments		(45,119)	
Claims liability		<u>(152,771)</u>	
Net assets at end of year		<u>\$ 76,104</u>	

LINN COUNTY

AGENCY FUNDS

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

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

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

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

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

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

LINN COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2011

	Balances June 30, 2010	Additions	Deductions	Balances June 30, 2011
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 1,154,188	\$ 135,726,399	\$ 135,664,998	\$ 1,215,589
<u>Liabilities</u>				
Amounts held in trust	\$ 1,154,188	\$ 135,726,399	\$ 135,664,998	\$ 1,215,589
 Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 235,227	\$ 3,901,637	\$ 3,933,717	\$ 203,147
Accounts receivable	469,597	466,682	469,597	466,682
Total assets	<u>\$ 704,824</u>	<u>\$ 4,368,319</u>	<u>\$ 4,403,314</u>	<u>\$ 669,829</u>
<u>Liabilities</u>				
Due to other governments	\$ 469,597	466,682	469,597	\$ 466,682
Amounts held in trust	<u>235,227</u>	<u>\$ 3,901,637</u>	<u>\$ 3,933,717</u>	<u>203,147</u>
Total liabilities	<u>\$ 704,824</u>	<u>\$ 4,368,319</u>	<u>\$ 4,403,314</u>	<u>\$ 669,829</u>
 Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 425,835	\$ 203,427,139	\$ 202,827,940	\$ 1,025,034
Property taxes receivable	8,237,954	102,246,032	101,543,330	8,940,656
Total assets	<u>\$ 8,663,789</u>	<u>\$ 305,673,171</u>	<u>\$ 304,371,270</u>	<u>\$ 9,965,690</u>
<u>Liabilities</u>				
Due to other governments	\$ 469,597	466,682	\$ 469,597	\$ 466,682
Amounts held in trust	<u>8,194,192</u>	<u>123,425,491</u>	<u>122,120,675</u>	<u>9,499,008</u>
Total liabilities	<u>\$ 8,663,789</u>	<u>\$ 123,892,173</u>	<u>\$ 122,590,272</u>	<u>\$ 9,965,690</u>

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

	Balances June 30, 2010	Additions	Deductions	Balances June 30, 2011
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 159,149	\$ 1,223,878	\$ 1,225,766	\$ 157,261
Accounts receivable	291,006	353,887	291,006	353,887
Total assets	<u>\$ 450,155</u>	<u>\$ 1,577,765</u>	<u>\$ 1,516,772</u>	<u>\$ 511,148</u>
<u>Liabilities</u>				
Due to other governments	\$ 33,175	\$ 20,149	\$ 33,175	\$ 20,149
Amounts held in trust	416,980	1,100,613	1,026,594	490,999
Total liabilities	<u>\$ 450,155</u>	<u>\$ 1,120,762</u>	<u>\$ 1,059,769</u>	<u>\$ 511,148</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 103,819	\$ 1,123,301	\$ 1,156,644	\$ 70,476
Due from other governments	81,057	110,558	81,057	110,558
Total assets	<u>\$ 184,876</u>	<u>\$ 1,233,859</u>	<u>\$ 1,237,701</u>	<u>\$ 181,034</u>
<u>Liabilities</u>				
Accounts payable	\$ 48,088	\$ 30,294	\$ 48,088	\$ 30,294
Amounts held in trust	136,788	1,203,565	1,189,613	150,740
Total liabilities	<u>\$ 184,876</u>	<u>\$ 1,233,859</u>	<u>\$ 1,237,701</u>	<u>\$ 181,034</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 2,078,218	\$ 345,402,354	\$ 344,809,065	\$ 2,671,507
Property taxes receivable	8,237,954	102,246,032	101,543,330	8,940,656
Accounts receivable	760,603	820,569	760,603	820,569
Due from other governments	81,057	110,558	81,057	110,558
Total assets	<u>\$ 11,157,832</u>	<u>\$ 448,579,513</u>	<u>\$ 447,194,055</u>	<u>\$ 12,543,290</u>
<u>Liabilities</u>				
Accounts payable	\$ 48,088	\$ 30,294	\$ 48,088	\$ 30,294
Due to other governments	972,369	953,513	972,369	953,513
Amounts held in trust	10,137,375	265,357,705	263,935,597	11,559,483
Total liabilities	<u>\$ 11,157,832</u>	<u>\$ 266,341,512</u>	<u>\$ 264,956,054</u>	<u>\$ 12,543,290</u>

LINN COUNTY
OTHER SCHEDULES

Financial schedules in this subsection display accountability for elected officials and property tax transactions.

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, 2010 (1)	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 113,306	\$ 45,843	\$ 50	\$ 650	\$ 44,156,733	\$ 44,319,702
Receipts	784,702	860,167	499,080	617,215	1,223,878	4,461,554	590,680	123,425,494	\$ 210,212,212	342,674,982
Turnovers and disbursements:										
To County Treasurer	(784,702)	(860,167)	(499,080)	(617,215)	(905,264)	(4,458,832)	(590,680)	(123,425,494)	(222,251,822)	(354,393,256)
To Others	-	-	-	-	(339,115)	-	-	-	-	(339,115)
On hand - June 30, 2011 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 92,805</u>	<u>\$ 48,565</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 32,117,123</u>	<u>\$ 32,262,313</u>
(1) Consists of:										
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,492,362	\$ 19,492,362
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	12,624,077	12,624,077
Due to County Treasurer	-	-	-	-	72,506	48,565	-	-	-	121,071
Due to State of Oregon	-	-	-	-	20,149	-	-	-	-	20,149
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>\$ 92,805</u>	<u>\$ 48,565</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 32,117,123</u>	<u>\$ 32,262,313</u>

LINN COUNTY

SCHEDULE OF PROPERTY TAX TRANSACTIONS

Year Ended June 30, 2011

Tax Year	Receivable 6/30/2010	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable 6/30/2011
2010-2011		128,079,709	(3,211,197)	75,424	118,694,285	(300,279)	5,949,372
2009-10	5,492,150		(188)	205,392	2,598,792	(281,953)	2,816,609
2008-09	2,850,157		57	227,679	1,164,296	(312,469)	1,601,128
2007-08	1,203,352		9	182,948	600,850	(238,720)	546,739
2006-07	508,468			119,300	321,785	(171,878)	134,105
2005-06	132,486			13,627	25,120	(69,709)	51,284
2004-05	86,091			7,493	12,162	(52,826)	28,596
prior years	120,417			11,211	8,201	(12,216)	111,211
Totals	\$ 10,393,121	\$ 128,079,709	\$ (3,211,319)	\$ 843,074	\$ 123,425,491	\$ (1,440,050)	\$ 11,239,044

Fund	
General	\$ 875,971
Law Enforcement 4-Year Levy	1,428,417
Agency	8,940,656
Total	\$ 11,245,044



STATISTICAL SECTION

STATISTICAL SECTION

Linn County
Net Assets by Component
Last Eight 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>	<u>2011</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	175,712
Restricted	469	5,991	4,239	4,723	553	0	0	0
Unrestricted	<u>36,156</u>	<u>39,953</u>	<u>40,843</u>	<u>36,252</u>	<u>39,634</u>	<u>42,598</u>	<u>38,995</u>	<u>25,003</u>
Total Primary government net assets	<u><u>176,569</u></u>	<u><u>190,076</u></u>	<u><u>196,329</u></u>	<u><u>201,197</u></u>	<u><u>207,066</u></u>	<u><u>213,321</u></u>	<u><u>212,801</u></u>	<u><u>200,715</u></u>

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

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

	2004	2005	2006	Fiscal Year 2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
General administration and support	\$ 4,665	\$ 4,607	\$5,757	\$ 6,730	\$ 6,025	\$7,595	\$6,569	\$6,288
Local government services	2,820	3,006	3,152	3,362	3,389	3,565	3,442	3,199
Public safety	23,030	23,615	25,073	26,417	27,628	31,132	32,367	31,306
Health services	15,976	17,047	17,974	19,119	15,344	16,502	17,566	18,799
Community development	6,153	6,651	6,149	7,101	6,643	7,775	8,269	19,636
Highways and streets	9,863	10,642	12,584	9,449	11,604	12,032	12,597	13,019
Apportionments to school districts	3,456	3,695	0	2,928	2,851	2,676	2,667	2,321
Interest on long term debt	271	163	113	79	54	24	13	0
Total primary government expenses	66,234	69,424	70,802	75,185	73,538	81,301	83,490	94,568
Program Revenues								
Governmental Activities								
Fees, Fines, and Charges for service								
General government	2,064	1,932	1,907	2046	1924	1,929	1,944	1,617
Public Safety	3,157	3,077	3,019	3347	3278	3,647	3,835	3,194
Health services	1,063	1,160	1,322	1591	1501	1,356	1,432	1,191
Roads	992	1,632	2,780	1676	1758	1,335	1,371	1,141
Community Development	2,753	2,940	2,794	2889	2952	2,790	2,647	2,204
Operating Grants and Contributions	35,490	35,021	36,323	36822	34830	41,017	34,500	37,367
Capital Grants and Contributions	82	6,349	677	0	0	0	0	0
Total program revenues	\$ 45,601	\$ 52,111	\$48,822	\$48,371	\$46,243	\$52,074	\$45,729	\$46,714
General Revenue change in Net Assets	\$ (20,633)	\$ (17,313)	(\$21,980)	(\$26,814)	(\$27,295)	(\$29,227)	(\$37,761)	(\$47,854)
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	25,137
Interest and investment earnings	498	882	1,717	2,360	1,930	1,082	479	338
Capital contribution	0	(460)	(246)	0	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	10,292
Total primary governmental activities	27,478	30,907	28,232	31,034	33,812	35,481	37,242	35,767
Change in Net Assets								
Governmental activities	\$6,845	\$13,593	\$6,252	4,220	6,517	6,254	(519)	(12,087)

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

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Licenses, Permits and Fines</u>	<u>Interest and Miscellaneous</u>	<u>Total</u>
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
2011	25,137	46,771	5,708	3,842	1,022	82,480

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Non spendable										
Committed to										
Interfund loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,258)
Assigned to										
Unassigned										59
Reserved	81	383	780	242	0	0	(1,188)	0	(2,720)	0
Unreserved	2,592	688	2,501	3,776	2,856	(598)	741	(743)	1,532	0
Total general fund	2,673	1,070	3,281	4,018	2,856	(598)	(447)	(743)	(1,188)	(2,199)
All other governmental funds										
Non spendable										
Inventories										1,452
Committed to										
Interfund loan										2,258
Capital Projects										5419
Restricted for										
Roads										14,010
Public Safety										(758)
Health Services										5,112
Grants/Minor Funds										1,160
Assigned to										
Unassigned										
Reserved	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	2,439	28,799	32,033	36,726	35,719	37,797	42,576	40,026	0
Capital projects funds	260	(830)	(409)	6	0	0	0	0	0	0
Undesignated funds	34,403	25,857	0	2,416	0	0	0	0	0	0
Total all other governmental funds	\$37,576	\$32,203	\$32,845	\$41,188	\$41,958	\$41,457	\$39,891	\$44,156	\$41,745	\$28,653

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	15,769	16,268	17,896	18,958	19,966	21,434	24,506	24,961	25,170	24,941
Licenses and Permits	4,863	5,062	5,047	4,514	5,197	5,342	6,632	6,630	6,631	5,608
Intergovernmental	47,602	44,610	45,497	55,218	47,277	45,708	43,082	47,819	45,360	46,771
Charges for services	3,380	3,517	3,508	3,137	3,611	3,712	3,049	4,607	4,421	3,739
Investment earnings	1,253	1,061	399	872	1,521	2,614	1,889	1,054	487	422
Miscellaneous	534	442	408	372	518	720	909	1,358	727	600
Total revenues	73,401	70,960	72,755	83,070	78,090	79,530	80,067	86,429	82,796	82,081
Expenditures										
General government	7,207	7,438	7,009	7,515	8,651	9,897	9,025	9,957	9,179	9,039
Public Safety	21,607	26,816	23,838	23,544	24,982	26,451	27,485	30,267	31,908	30,965
Health Services	17,423	17,896	15,919	16,950	17,892	19,023	15,288	16,387	17,419	18,822
Community development	6,353	6,590	6,450	7,008	6,884	7,053	8,343	7,769	7,904	19,663
Highways and streets	12,612	14,244	12,162	14,208	15,404	15,832	16,488	15,905	16,267	15,374
Apportionments to school districts	3,105	3,661	3,456	3,695	3,472	2,928	2,851	2,676	2,667	2,321
Purchase of Land						1,450	-	-	-	-
Capital outlay							-	-	-	-
Debt service										
Principal	1,198	751	796	908	932	840	759	663	295	-
Interest	442	381	271	163	113	79	54	25	13	-
Total expenditures	69,947	77,777	69,901	73,991	78,330	83,553	80,293	83,649	85,652	96,184
Excess of revenues over (under) expenditures	3,454	(6,817)	2,854	9,079	(240)	(4,023)	(226)	2,780	(2,856)	(14,103)
Other financing sources (uses)										
Transfers in	3,543	4,308	3,727	2,729	2,796	5,606	6,191	5,547	4,293	3,643
Transfers out	(3,423)	(4,208)	(3,727)	(2,729)	(2,796)	(5,606)	(6,191)	(5,547)	(4,293)	(3,643)
Refunding Bond issue			2,580							
Payments to refunded bond escrow agent			(2,580)							
Total other financing sources (uses)	120	100	0	0	0	0	-	-	-	-
Net change in fund balances	3,574	(6,717)	2,854	9,079	(240)	-4,023	(226)	2,780	(2,856)	(14,103)
Debt service as a percentage on noncapital expenditures	2.3%	1.5%	1.5%	1.4%	1.3%	1.1%	1.0%	0.8%	0.4%	0.0%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
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
2010-2011	13,256,530	29,390,032	4,125,077	46,771,639	401

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
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%
2011	7,361,380	113,366	231,304	328,812	27,519	8,007,343	4.0436	10,879,896	73.60%

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

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

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

Fiscal Year	Cities				Rural Fire Districts		Schools Districts				Linn-Benton Community College	Total Direct & Overlapping Rates
	Linn County	Albany	Lebanon	Sweet Home	Albany	Lebanon	Albany	(1) Lebanon	Sweet Home	Central Linn		
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
2011	4.04	7.51	5.86	8.63	2.15	2.47	6.19	7.25	6.69	4.62	0.68	56.09

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

1) Includes Union High School District

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

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

LINN COUNTY
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2011
(amounts expressed in thousands)

Principal Taxpayers	Type of Business	2011			2001		
		2010-11 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	1999-2000 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fort James Operating Co.	Timber & Forest Products	103,329	1	1.29%	142,411	2	2.21%
Pacific Power & Light (PacifiCorp)	Utility	88,197	2	1.10%	67,746	3	1.05%
Lowes HIW Inc	Retail distribution	87,779	3	1.10%			
Target Corporation	Retail distribution	76,459	4	0.95%			
Wah Chang	Rare Metals	73,584	5	0.92%			
Oregon Metallurgical Corp	Rare Metals	56,837	6	0.71%	32,323	5	0.50%
International Paper (IP Eat Three)	Timber & Forest Products	56,601	7	0.71%			
Northwest Natural Gas	Utility	50,321	8	0.63%			
Comcast Corporation	Communications	44,049	9	0.55%			
Weyerhaeuser Company/ Willamette	Timber & Forest Products	41,216	10	0.51%	252,517	1	3.91%
Entek Manufacturing Inc.	Plastic Manufacturing				22,614	10	0.35%
Centurytel of Oregon	Communications				24,329	9	0.38%
U.S West Communications	Communications				28,772	7	0.45%
Dayton Hudson Corp	Retail distribution				31,830	6	0.49%
Oregon Freeze Dry Foods Inc	Produce Processing				26,783	8	0.42%
Wilmington Trust	Reconstituted Wood Products				48,122	4	0.75%
Total Principal Taxpayers		678,372		8.47%	535,036		10.50%
Totals		8,007,344		100%	6,451,478		100%

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

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,395	19,404	99.97%
2006	20,052	19,215	95.83%	826	20,041	99.95%
2007	21,982	20,615	93.78%	1,339	21,954	99.87%
2008	25,089	24,086	96.00%	891	24,977	99.55%
2009	25,590	24,387	95.30%	875	25,262	98.72%
2010	26,141	25,017	95.70%	533	25,550	97.74%
2011	26,995	25,834	95.30%		25,834	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 2011

Estimated Actual Taxable Value	8,007,344
Debt limit (2% of total assessed value)	160,146,880
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><u>160,146,880</u></u>

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

<u>June 30,</u>	<u>Population</u>	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	
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	111,355	As of June 30, 2010 linn County has no Outstanding Debt							0
2011	116,672	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
2011	-	8,034,863	-	-	8,007,344	-	0

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

LINN COUNTY
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2011

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	4,855	79.88%	3,878
Brownsville	3,138	100.00%	3,138
Halsey	-	100.00%	-
Harrisburg	13	100.00%	13
Lebanon	17,930	100.00%	17,930
Mill City	1,003	75.19%	754
Sodaville	49	100.00%	49
Sweet Home	495	100.00%	495
Community Colleges:			
Chemeketa	83,665	1.02%	853
Lane	36,655	1.12%	411
Linn-Benton	6,800	50.17%	3,412
School Districts:			
Corvalli	59,475	2.22%	1,320
Central Linn	-	100.00%	-
Eugene	103,500	0.08%	83
Lane ESD	-	0.04%	-
Greater Albany	38,855	80.44%	31,255
Harrisburg	3,115	90.85%	2,830
Jefferson	-	7.94%	-
Lebanon Community	47,390	100.00%	47,390
North Santiam	1,565	22.06%	345
Santiam Canyon	-	47.62%	-
Scio	760	100.00%	760
Sweet Home	18,030	100.00%	18,030
Willamette ESD	-	84.00%	-
Water Districts:			
Grand Prairie	720	100.00%	720
Rural Fire Districts:			
Jefferson	44	41.37%	18
Brownsville	2,165	100.00%	2,165
Idanha-Detroit	-	6.12%	-
Lebanon	3,120	100.00%	3,120
Harrisburg	-	100.00%	-
Lyons	100	100.00%	100
Stayton	735	12.02%	88
Sweet Home Fire/Ambulance	\$ 1,265	100.00%	\$ 1,265
Total Overlapping	<u>435,442</u>		<u>140,423</u>
Total Direct and Overlapping	<u>\$ 435,442</u>		<u>\$ 140,423</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	(6) Linn County Employees
2002	104,000 (7)	2,550,286	24,268	16,797	9.5	711	687
2003	104,900 (7)	2,601,528	24,488	17,941	11.7	765	703
2004	106,000	2,712,447	25,340	18,037	9.6	823	654
2005	107,150	2,790,251	25,730	18,121	7.7	1780	627
2006	107,920	2,986,872	26,916	19,878	6.3	794	641
2007	108,250	(5)	(5)	19,163	6.2	942	657
2008	109,320	(5)	(5)	-	6.5	825	650
2009	110,185	(5)	(5)	17,855	15.4	838	660
2010	111,355	(5)	(5)	20,094	12.7	823	646
2011	116,672	(5)	(5)		11.4	744	651

- (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) Linn County Adopted Budget**
- (7) Regional Economic Information System, Bureau of Economic Analysis**

PRINCIPAL EMPLOYERS
June 30, 2011
(amounts expressed in thousands)

Employer	2011			2000		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Samaritan Health Services	1600	1	4.1%			
Linn Benton Community College	1100	2	2.8%			
Greater Albany Public Schools	1080	3	4.1%			
Allvac Oremet- Wah Chang	949	4	2.4%			
Target Distribution Center	631	5	1.6%			
Linn County	627	6	1.6%			
Oregon Freeze Dry	398	7	1.0%			
City of Albany	390	8	1.0%			
National Frozen Foods	350	9	0.9%			
ATI Albany Operations	293	10	0.8%			
Selmet	275	11	0.7%			
ATI Pacific Cast Technologies	260	12	0.7%			

Totals 17.7%

Number of people employed in Linn County 38,820

Source: Albany Area Chamber of Commerce; and Benton/Linn Labor Trends

Information for Principal Employers in 2001 is not available at this time.

**Linn County
Employees by Function**

Full time equivalent employees as of June 30,

Function	<u>2011</u>	<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>
Community Development	71	69	68	71	72	73	71	71	65	68
General Administration	42	42	43	41	45	52	51	48	50	48
Health Services	187	180	171	174	161	178	174	169	187	192
Highways and Streets	85	84	84	76	76	88	86	85	82	88
Local Government Service	33	38	40	41	41	61	61	59	58	58
Public Safety	258	261	278	272	286	299	295	291	315	307
Total	676	674	684	675	681	751	738	723	757	761

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 six Fiscal Year**

Function	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Sheriff						
Jail Bookings	5,938	6,574	7,089	7,425	7,779	8,328
Highways and streets						
Road surface improvements (miles)	62	85	57	48	60	86
Parks						
Picnic shelter rentals	190	211	179	168	271	191
Clerk's Office						
Documents recorded	24,964	27,544	29,026	34,314	40,239	32,846
Marriage Licenses issued	744	823	838	825	942	794
Registered Voters	59,785	58,755	61,607	59,836	57,466	57,244
District Attorney						
Charges referred by law enforcement			5,223	9,502	9,981	10,664
Planning						
Building permits	1,198	1,190	1,567	1,794	1,889	2,280
Contract Cities	364	402	365	668	938	764
Electrical permits	1,199	1,342	1,616	2,167	2,266	2,027
Planning permits	509	537	642	855	1,212	818
Health						
Alcohol and Drug clients	857	887	858	776	703	646
Developmentally Disabled clients	724	717	635	620	616	569
Environmental Health service contacts	2,622	2,483	2,615	3,126	2,850	2,702
Mental Health clients	3,773	3,902	4,487	4,084	3,940	3,419
Public Health	13,085	13,197	7,713	8,307	6,614	8,300
Women, Infants, and children clients	6,418	6,285	5,849	5,780	5,780	3,400
Fairgrounds						
Willamette building (hours of use)	6,196	4,856	1,719	2,206	1,891	2,142
Arena (hours of use)	1,749	2,076	2,772	2,825	2,478	2,915
Santiam center (hours of use)	1,594	1,388	1,791	2,356	1,507	2,317
Cascade livestock building (hours of use)	3,500	3,895	1,507	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 five Fiscal Years**

Function	2011	2010	2009	2008	2007
Public Safety					
Police:					
Stations	7	7	7	7	7
Patrol Units	53	54	53	52	51
Police service dogs	1	3	4	4	4
Culture and recreation					
Parks acreage	1360	1360	1200	1202	1202
Parks	22	22	22	18	17
Picnic shelters	13	13	13	12	10
General Services					
Motor pool vehicles	80	83	83	83	80
Roads					
Streets (miles)	1154	1154	1,148	1,148	1,148
Bridges	329	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	Totals	Portland, Oregon Consumer Index (U) (1982-84)	Per Capita
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
2010-2011	5,697,524	3,341,122	30,965,440	18,822,560	1) 19,663,245	15,373,606	2,320,828	-	76,521,080	219.1	694.48

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

Population based upon the 2010 center for Population Research and Census at Portland State University estimates for Linn County 116,672

1) 2010-2011 Community Development figure includes a one time \$12 million expense and transfer to the State of Oregon related to the construction of a Veterans Hospital in Lebanon, Oregon

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2011
Insurance Coverage 10-11 /Meyer/Excel

12/2/2011: 8:35 AM

<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	7/1/2010	7/1/2011
		Bodily injury by accident - each accident	\$ 500,000		
		Bodily injury by disease - each employee	\$ 500,000		
10LLINC	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	7/1/2010	7/1/2011
10APDLINC	City/County Insurance Services	Comprehensive general liability	\$ 50,000	7/1/2010	7/1/2011
		Automobile - Self-Insured Loss Funds	\$ 50,000	7/1/2010	7/1/2011
10BLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown	\$ 100,000,000	7/1/2010 7/1/2011
10PLINC	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	7/1/2010 7/1/2011

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2011

12/2/2011; 8:35 AM

Insurance Coverage 10-11 /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>	
10PLINC	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	7/1/2010	7/1/2011
10CLINC	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)	\$ 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000	7/1/2010	7/1/2011



*AUDIT COMMENTS
& DISCLOSURES*

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of Linn County (the County), as of and for the year ended June 30, 2011 and have issued our report thereon dated December 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness, limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.

- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials.

In connection with our testing, nothing came to our attention that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, included the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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.

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



Merina & Company, LLP
West Linn, Oregon
December 9, 2011

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**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 (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 9, 2011. 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 the 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*.

We noted certain matters that we reported to management of the County, in a separate letter dated December 9, 2011.

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

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP
West Linn, Oregon
December 9, 2011

**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, Oregon
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, 2011. 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, 2011.

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 the 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 a 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, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Merina & Company, LLP
West Linn, Oregon
December 9, 2011

LINN COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

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, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.665	Schools and Roads – Grants to States
15.000	O & C Grant
93.712	ARRA Immunizations

Dollar threshold used to distinguish between Type A
Type B programs: \$397,696

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Federal Award Findings and Questioned Costs for the Years Ended June 30, 2010

None



FEDERAL SINGALE AUDIT

GRANT COMPLIANCE – SINGLE AUDIT

LINN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<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	8,738
National Lunch Program	10.555	16,147
Forest Service		
<i>Department of Human Resources Health Division:</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	653,076
<i>Department of Administrative Services:</i>		
Schools and Roads – Grants to State	10.665	7,070,156
Federal Forest PL 106-393 Title III	10.665	74,000
Federal Forest PL 110-343 Title III	10.665	817,333
Total Department of Agriculture		<u>8,639,450</u>
<u>Department of the Interior</u>		
Bureau of Land Management		
<i>Direct Programs:</i>		
O & C Grant	15.000	1,901,737
Payments in Lieu of Taxes	15.226	370,418
Fish and Wildlife Service		
<i>Passed through Oregon Marine Board:</i>		
Clean Vessel Act	15.616	<u>7,650</u>
Total Department of the Interior		<u>2,279,805</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	10,908
Bureau of Justice Assistance		
<i>Passed through of Oregon Department of Human Resources Mental Health Division:</i>		
<i>Passed through Oregon Department of Justice:</i>		
Marijuana Eradication	16.580	10,000
Edward Byrne Memorial Grant	16.738	111,164
Office of Victims of Crime		
Crime Victim Assistance	16.575	228,447
Crime Victim Assistance/Discretionary Grants	16.582	176,985
Total Department of Justice		<u>537,504</u>
<u>Department of Transportation</u>		
Federal Highway Administration		
<i>Passed through Oregon Department of Transportation:</i>		
Highway Planning and Construction	20.205	260,873
Grants for Other than Urbanized Areas	20.509	92,607
Capital Assistance Program for Elderly Persons	20.513	38,060
Linn County Sherrif multi Unit Enforcement Equipment	20.6	42,912
Total Department of Transportation		<u>434,452</u>
<u>Department of Administrative Services</u>		
<i>Passed through Department of Administrative Services:</i>		
Donation of Federal Surplus Personal Property	39.003	813
<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	10,063
DWP EPA-Water Revolving Fund	66.468	1,680
Total Environmental Protection Agency		<u>11,743</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>3,876</u>
<u>Department of Health and Human Services</u>		
Office of Population Affairs		
Family Planning - Services	93.217	21,509
Administration for Children and Families		
Promoting Safe and Stable Families	93.556	32,280
Temporary Assistance for Needy Families	93.558	41,134
<i>Passed through Oregon Commission on Children and Families:</i>		
Social Services Block Grant	93.667	200,392
Title 4 -B CWS	93.645	10,693
Centers for Medicare and Medicaid Services		
Money follows the person	93.779	924
Health Start/title XIX	93.778	336,908
Centers for Disease Control		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
Immunization & Vaccines for children	ARRA 93.712	10,597
Bioterrorism preparedness & response	93.069	73,023
Health Resources and Services Administration		
TB Control and AIDS	93.116	755
HIV Care Formula Grants	93.917	41,272
Maternal and Child Health Services Block Grant to the States	93.994	24,300
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	91,681
Block Grants for Prevention and Treatment of Substance Abuse	93.959	257,149
Prevention Health Block Grantand	93.991	3,700
Total Department of Health and Human Services		<u>1,146,317</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>		
Boating Safety Financial Assistance	97.012	80,238
Emergency Management Performance Grants	97.042	55,082
Citizens Corps	97.053	16,380
State Homeland Security Program	97.073	50,572
	96.01	298
Total Department of Homeland Security		<u>202,570</u>
Totals		<u><u>13,256,530</u></u>

LINN COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

Note 1. General

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

Note 2. Significant Accounting Policies

Reporting Entity: The reporting entity is fully described in Note 1 to the County's basic financial statements. The schedule includes all federal financial assistance programs administered by the County for the year ended June 30, 2011.

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

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

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

Revenue Recognition: The receipt and expenditure of federal awards are accounted for under the modified accrual method of accounting. Revenues are recorded as received in cash or when measurable and available. Expenditures are recorded when the liability is incurred.

LINN COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

Note 2. Significant Accounting Policies

Reporting Entity: The reporting entity is fully described in Note 1 to the County's basic financial statements. The schedule includes all federal financial assistance programs administered by the County for the year ended June 30, 2011.

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

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

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Revenue Recognition: The receipt and expenditure of federal awards are accounted for under the modified accrual method of accounting. Revenues are recorded as received in cash or when measurable and available. Expenditures are recorded when the liability is incurred.

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

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

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



We care for the County and the United States of America