

Comprehensive Annual Financial Report

Linn County Oregon



Fiscal Year Ending
June 30, 2015



Government Finance Officers Association

**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, 2014

Executive Director/CEO



LINN COUNTY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2015

Prepared by: General Administration – Dave Alderman, Accounting Officer

LINN COUNTY
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INTRODUCTORY SECTION

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LINN COUNTY GENERAL ADMINISTRATION

300 Fourth Avenue, SW (Room 201), PO Box 100, Albany OR 97321-0031
Phone (541) 967-3825 Fax (541) 926-8228

BOARD OF COMMISSIONERS

John K. Lindsey
Roger Nyquist
Will Tucker

Accounting/Payroll, Personnel Services, Data Processing,
General Services/Facilities, Printing/Supplies, Veterans' Services

RALPH E. WYATT

Administrative Officer

November 24, 2015

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, 2015 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 a clear and comprehensive 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 Pauly, Rogers and Co., P.C., 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, 2015, 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 unmodified opinion that Linn County's financial statements for the fiscal year ending June 30, 2015 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 2014 - 2015.

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 Cascade Mountain Range as its eastern boundary. Linn County has a land area of 2,308 square miles and is home, per the Portland State Population Research Center, to an estimated July 1, 2014 population of 119,705. The County is governed under Oregon law as a "general law 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 plus Dog Control), District Attorney's Office, Juvenile Department including the Detention Center, Justice Court and the Law Library.

HEALTH SERVICES including Public Health, Environmental Health, Mental Health, Alcohol & Drug, and Developmental Disabilities.

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

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

ROAD DEPARTMENT which maintains 1,104.99 miles of road and 335 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. Based on guidelines provided by the Board of Commissioners, all offices and departments of Linn County submit their budget requests to the Budget Officer in March/April 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/May. The approved budget is then adopted by the Board of Commissioners in June prior to the July 1st start of the County's fiscal year. The adopted budget sets appropriation amounts by fund (e.g., General or Road) and office or department (e.g., Assessor or Planning & Building) for the following categories: personal services, materials & supplies, capital outlay, other requirements and operating contingency. Elected officials and department heads may make transfers within categories but transfers between categories or offices/departments require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and Major Special Revenue Funds, this comparison is presented on pages 8 through 22. For the other funds, the comparisons are presented starting on page 59.

FACTORS AFFECTING LINN COUNTY'S FINANCIAL CONDITION

Local Economy. Linn County's economic indicators, over the twelve month period of this audit, continue to reflect improvements in local economies that started, for Oregon, in the Portland Metro area. That said, the County's recovery still lags the improvements shown in Oregon and national economic activities. The recovery from the historic recession remains a slow process as shown by the County's unemployment rate change - an adjusted rate of 7.0% for June 2015, down from the 8.4% rate for June 2014. The County's unemployment rate has continued to remain higher than both the State (5.5%) and National (5.3%) June 2015 rates. The improvement in the unemployment rate is reflected in the increase in employment levels over the past year with the number of nonfarm employed County residents up by 930 jobs (June 2014 to June 2015), a 2.3% increase. From February 2008, the pre-recession employment peak, to June 2015, the County is still more than 2,200 jobs down, or 5.2 % below the peak. In general and as was true last year, private-sector jobs are starting to produce healthy growth while public sector jobs have shown minor losses during the past year.

Along with the improved jobs data, there are other positive economic developments. As mentioned in the past few Audits, the new medical school in Lebanon, the College of Osteopathic Medicine of the Pacific in partnership with Samaritan Health Services, is now in operation and graduating students who are moving on and completing their residency requirements. The campus complex continues to be built out with new facilities and businesses, with a conference center open and hotel and restaurant now completed and in use.. Construction of the \$41 million, 150 bed Veterans' Home adjacent to the medical school in Lebanon is a reality and the Home opened for veterans in October 2014. Activity continues to increase in the Planning and Building Department indicating that

the housing sector of the economy has bottomed out and is on the way back up. 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 recent recession but the problems with getting jobs back to the 2008 level continues to pose challenges.

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 second year of the State's FY 2013 – 2015 Budget has reflected the improvement in the State's economy and provided more stability in revenues but, of course, the State's revenue dependence on income taxes continues. The State's FY 2013 – 2015 Budget was balanced using the more positive revenue forecasts along with savings expected from changes to the public safety, health and retirement systems. The State's stabilizing General Fund revenues have not resulted in increases in State funding for County programs with much of that funding being changed and redirected by a variety of law changes from recent legislative sessions.

The County's service capabilities are expected to continue to shift in the future with the on-going changes in two major revenue sources – State and Federal. At this point, there is a bill authorizing Federal Forest funding for two years (FY '14-'15 and '15-'16) thus the end of Federal "safety net" payments is pushed off once again. The outlook for payments from another major revenue source, the State of Oregon, is also mixed with shifts in public safety and health payments to the County, with the most significant shift the one being made in health funds to Coordinated Care Organizations (CCOs) which may then contract with the County for services. A third major revenue source, the County's local option Law Enforcement Levy, has a more positive outlook. The voters approved a new four year levy starting July 1, 2014, replacing the last year of the prior levy with an increased rate of \$2.83 per thousand valuation. The Levy revenue is being reduced by lower property values and Measure 5 compression losses as detailed below but is increased with a law change that adds urban renewal values back for local option levies approved after January 1, 2013.

The County's major source of revenue remains intergovernmental receipts (\$51,291,746; 54.43% of revenue; up 0.91%) with the increase primarily due to funding for Federal road projects, State forest payments and additional mental health funding. The fiscal impacts on the County from the severe decline in timber sales have continued to be offset to a lessening degree by a long series of Federal timber "safety net" laws and those declining payments were extended as mentioned earlier (Federal Forest Service and Bureau of Land Management Title I, II and III payments; \$5,772,256; 6.12% of revenue; down 3.4%). State-provided funds increased (\$35,049,234; 37.19% of revenue; up 6.15%) and provided the bulk of the remaining intergovernmental receipts, with increases in State forest payments and, as mentioned, health services.

The impacts on County property taxes (\$29,852,674; 31.68%; up 10.15%) from Measure 5 and Measures 47/50 limits continue to constrain this revenue source with those limits continuing to have a negative impact even as growth (3.77%) in the County's assessed property values has improved. The County's Law Enforcement Levy (rate of \$2.83 per thousand [note that the County's permanent tax rate is \$1.2713 per thousand]) is critical to the County's revenue structure (\$18,211,212; 61% of the total property

taxes). The Law Enforcement Levy's net amount was significantly reduced ("compressed") by 24.09% (\$5,926,803) due to the Measure 5 limitations. The County's second local option levy is for the Veterans' Home (\$1,179,455; 3.95% of the total property taxes) and was approved to repay the 10 year, \$12,000,000 loan from the Road Fund used to provide the local match required to fund the project. The last major sector of County revenues, the Licenses, Permits, Fines & Services category (\$10,799,899; 11.46% of revenue; up 10.91%) has now started to increase as the economy is improving. Overall, the outlook is, at best, for the County's total revenues to stabilize 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 the new Law Enforcement Levy revenues.

On the expense side, the cost of County operations over the long term is expected to grow due mainly to increasing costs per employee. These costs have been driven by cost-of-living (COLA) salary increases and health benefit premium increases as established by collective bargaining agreements. For FY 2014 –2015, the total personnel cost increased by 5.66% due to COLAs and an increase in the number of employees (health insurance premiums had virtually no increase). The cost of the County's retirement programs, the Oregon Public Employees Retirement System (PERS) and the Oregon Public Service Retirement Plan (OPSRP), remained the same and won't change until July 1, 2015. Future health insurance costs are still a big unknown given the Federal legislation (Affordable Care Act) continued implementation and the January 1, 2018 "Cadillac Tax". Another added expense may come from Oregon's new mandatory sick leave law, effective January 1, 2016, that may increase costs for temporary and seasonal employee.

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 Federal Forest payments but that revenue stream's future is uncertain. However, the continued recovery from the "great" recession and the local option Law Enforcement Levy provide an improving outlook. Oregon's tax structure and initiative/referendum processes always inject an added element of uncertainty into the State's current biennium budget sure to produce revenue change 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 which funded the required local match and purchased the property. The match funds and property were transferred to the State in May 2011 (the State will operate the Home). That funding from the County allowed construction to start while waiting for the

Federal funding to be approved. Construction is now complete with a September 2014 Grand Opening and residents arriving in October 2014 and the Home is in full operation.

As mentioned in prior Audits, the County purchased a former company headquarters complex (two buildings, 31,052 sf, 147 parking spaces, 7.21 acres) in Albany for use by the Health Department. The remodeling work is complete and the Willamette Health Center is in full operation. The project has allowed the Health Department to move into improved facilities, consolidate activities, vacate rented space and provide adequate access and parking to clients. The County has also purchased an 8,400 sf building in Tangent for use by the Oregon State University Extension District and the Sheriff's Office (as a substation) and that building has been remodeled and is use. The space formerly occupied by Extension in the Armory is being remodeled for use by the County Attorney, the Juvenile Department and the Alcohol & Drug Program. Also the Courthouse Annex is being remodeled for use by various Health Department programs.

The County also continues to participate in a major State health care initiative ("Health Care Transformation") involving the creation of Coordinated Care Organizations (CCOs). The CCOs are providing physical, mental and dental health care for people who receive coverage under the Oregon Health Plan (Medicaid). The Health Department is providing services via contracts with the local CCO, InterCommunity Health Network (IHN) CCO (IHN is owned by Samaritan Health Services). The IHN-CCO provides services in Lincoln, Benton and Linn Counties and those services continue to expand as a part of Oregon's Health Transformation. As mentioned earlier, that expansion of services has a growing impact on the Health Department's State revenue streams, much of which now flows to the CCO and then to the Department. Revenues have increased as services are now provided to a larger population and thus the Department has been adding employees.

Another major area of activity that has continued is the expansion and improvement of the County's Park system. Improvement activities at Clear Lake Resort (lodge, store, cabins and docks on Clear Lake in the Cascades) included painting the lodge and replacing restaurant equipment and furnishings plus adding more boating rental equipment. The Parks Department has expanded its lease agreement with the US Army Corps of Engineers and the Bureau of Land Management in the Green Peter/Quartzville areas and has completed engineering/survey work, constructed a new group campground at Quartzville Creek and secured grant funding for expansion of the Whitcomb Creek Campground from 39 sites to 92 sites. The County has also completed the transition of the RV resort and marina (49 RV spaces and 40 marina spaces) on Foster Lake in Sweet Hone purchased last year into the Park program with improvements to the office, marina, WIFI and reservation system.

The programmed road and bridge improvements by the Road Department upgraded 49.45 miles of road miles of the County's road system and completed replacement/major repairs to ten bridges.

Regarding labor contracts, the County had no labor agreements up for negotiations.

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 – 73.79%; 30 to 90 days – 2.19%; 90 days to 12 months – 6.4% and 12 to 18 months – 17.62%. The average yield on investments for the year was 0.595% compared to an average of 0.513% for the State's Local Government Investment Pool. The County recorded interest revenues of \$129,155 on all County investments in the year ending June 30, 2015. This represents a decrease of \$26,423, down 20.45% from the prior year due to lower rates for reinvestments on investments maturing.

Risk Management. For the fiscal year ending June 30, 2015, insurance coverages were not changed from the prior year with liability and property continuing with City County Insurance Services and workers' compensation continuing with SAIF Corporation. Excess crime coverage, including faithful performance of duty, continues in the property policy replacing the blanket and two individual bonds and providing broader coverage. The County continues to cover actual and potential unemployment compensation costs with a self-financed internal service fund (Unemployment Insurance Fund, pages 23, 24, 25 and 78). Additional information is included in the Financial Section of this report (page 60) with a schedule of all the County's insurance coverages included in the Statistical Section of this report (pages 103 and 104).

Pension and Other Post Employment Benefits. Linn County participates in Oregon PERS, which includes PERS Tier 1 and 2, and Oregon OPSRP, which combined, 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 six 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. The cost of the PERS system has been an issue with the legislature and changes were made, mainly related to retiree COLAs, in both the regular 2013 Legislative Session (SB 822) and the September/October Special Session (SBs 861A & 862A) to avoid a significant rate increase in FY '13 – '15. The legislative changes were challenged by retiree groups directly to the Oregon Supreme Court and many of the changes were disapproved and most of the savings to the system eliminated. Legislative changes to the system were also made to allow PERS to provide the necessary information to comply with GASB Statement 68 audit requirements regarding pension-related obligations.

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. The PERS Tier 1 & 2 and OPSRP employer rates

changed effective July 1, 2013 as follows: 15.56% (Tier 1 & 2), 13.73% (OPSRP General Service) and 16.46% (OPSRP Police). Overall, the July 1, 2013 rate changes increased the County's PERS expense only slightly (approximately \$60,000 for the 2013 – 2015 biennium). The rates changed again effective July 1, 2015 as follows: 18.96% (Tier 1 & 2), 11.60% (OPSRP General Service) and 15.71% (OPSRP Police) which, overall, is a small increase in annual cost. The 2015 rates were not affected by the Supreme Court decision but, as mentioned earlier, the much larger increases that were avoided when the 2013 Legislative Session passed SB 822 will happen in 2017, 2019 and perhaps further in the future. Additional information on Linn County's PERS participation is included in the Financial Section of this report (pages 49 - 56).

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 in the County's insurance plans does negatively impact the claims experience for the plans and thus the premiums charged.

AWARDS AND ACKNOWLEDGEMENTS

For the twenty-fifth 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, 2014. 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

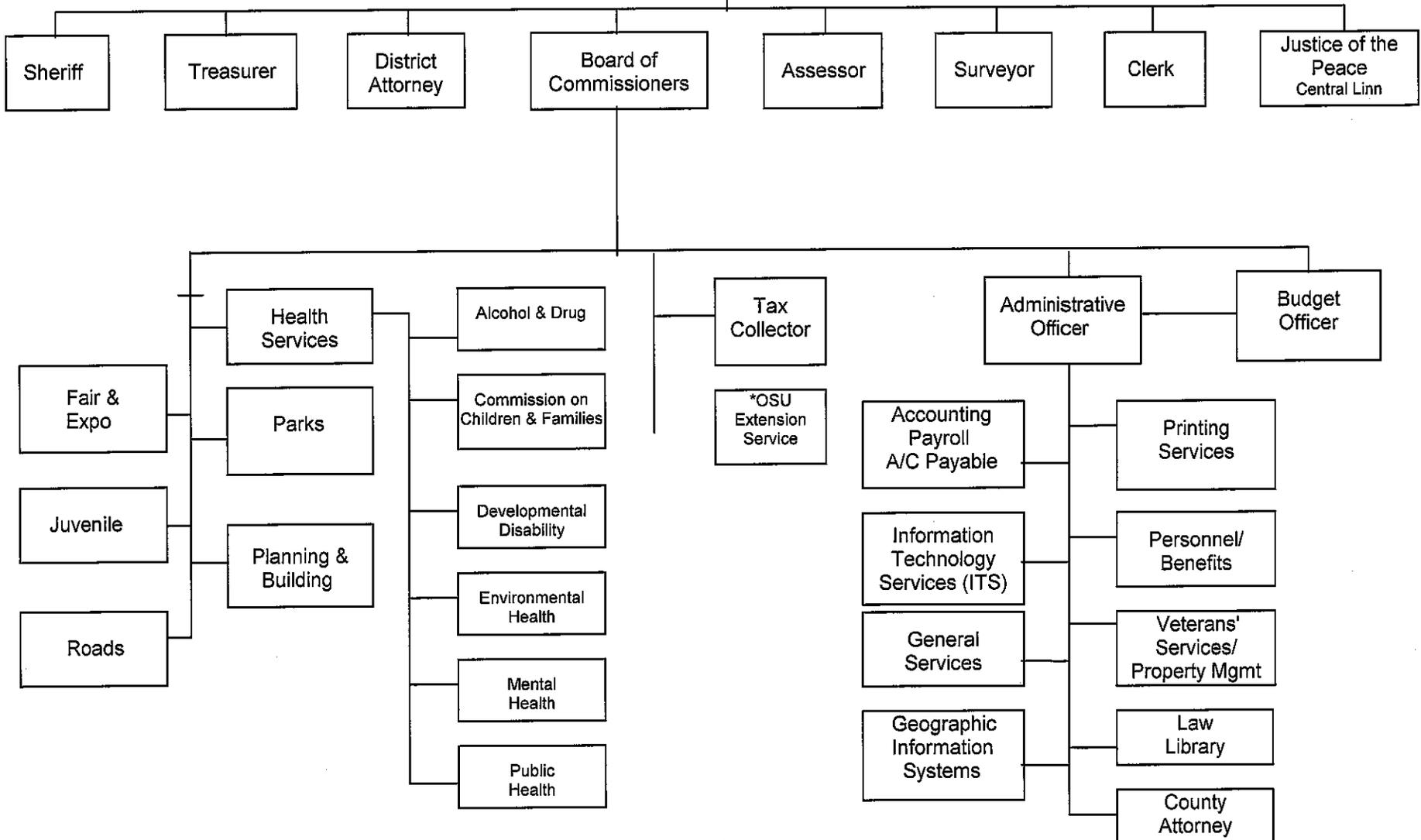


LINN COUNTY, OREGON

Organization Chart

June 30, 2015

**Linn County
Voter**



-- *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 2017
John Lindsey	Commissioner	January 2019
William Tucker	Commissioner	January 2017
David Swartzlender	Assessor and Tax Collector	January 2017
Steve Druckenmiller	Clerk	January 2019
Douglas Marteeny	District Attorney	January 2017
Honorable Jad Lemhouse	Justice of the Peace – Central Linn	January 2021
Bruce Riley	Sheriff	January 2017
Charles Gibbs	Surveyor	January 2017
Michelle Hawkins	Treasurer	January 2017

Administrative Officer

Ralph E. Wyatt

Registered Address

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



FINANCIAL SECTION



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November 24, 2015

To the Board of County Commissioners
Linn County, Oregon
Albany, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Linn County, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Linn County, Oregon as of June 30, 2015, and the respective changes in financial position and budgetary comparisons for the General Fund, General Road, Law Enforcement 4-Year Levy, Health, and Veterans Home Loan for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The County adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB 71 Pension Transition for Contributions made subsequent to the measurement date, for the year ended June 30, 2015. Our opinion is not modified due to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents and the schedule of expenditures of federal expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents and the schedule of federal expenditures, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical sections and the other information, as listed in the table of contents 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.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 24, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 24, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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 ending June 30, 2015. 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-viii of this report.

Financial Highlights

- The assets of Linn County exceeded its liabilities at the close of the most recent fiscal year by \$213,948,326 (*net position*). Of this amount, (\$10,081,275) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,211,032 year over year.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$30,065,892 an increase of \$2,496,834 in comparison with the prior year, with 95.28% of this total amount, \$28,989,467 *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 \$(6,284,468). The negative fund balance is primarily due to interfund debt as follows: 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). In fiscal 2012-13 an additional \$400,000 interfund loan was made to purchase property adjacent to the Linn County jail. During the 2013-14 fiscal year the General Fund borrowed \$1,500,000 from the Health Services Fund for the purchase of a building to house Linn County Health Services programs; in addition a \$900,000 loan was made between the General Fund and the Road Fund to purchase a marina on Foster Lake; During the current year a \$950,000 loan between the General Fund and Roads was made to purchase the Tangent property, a new home for the Linn County 4-H and extension district. As of June 30, 2015, the combined balance of the interfund loans is \$13,747,031.

- Linn County has no long term debt obligations as of June 30, 2015.

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 supplementary and other 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 position* presents information on all of Linn County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 Veteran's Home Loan 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 26 of this report.

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

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

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

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

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 53 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 54 of this report. In addition on page 55 is reported the Other Post Employment Benefit Schedule of Funding Progress.

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 69 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Linn County, assets exceeded liabilities by \$213,948,327 the close of the fiscal year.

By far the largest portion of Linn County's net position (88.05 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. The County currently has no long term debt.

Linn County's Net Position

Governmental Activities

	2,014	2,015
Assets		
Current and other assets	\$ 37,064,554	\$ 53,622,524
Capital assets	187,331,525	192,271,083
Total assets	<u>224,396,079</u>	<u>245,893,607</u>
Liabilities		
Long-term liabilities outstanding	2,990,193	3,230,009
Net deferred pension outflows	-	18,842,027
Other liabilities	8,668,592	9,873,244
Total liabilities	<u>11,658,785</u>	<u>31,945,280</u>
Net Position		
Invested in capital assets, net of related debt	187,331,525	192,271,083
Restricted for:		
Highways and Streets	20,318,279	20,840,007
Health Services	6,058,598	9,318,506
Other Restricted	2,961,598	1,600,005
Unrestricted	<u>(3,932,706)</u>	<u>(10,081,275)</u>
Total net position	<u>\$ 212,737,294</u>	<u>\$ 213,948,326</u>

The balance of restricted and *unrestricted net position* \$21,677,244 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net position increased by \$1,211,032 during the current fiscal.

Governmental activities. Governmental activities increased Linn County's net position by \$1,211,032. Key elements of this increase are as follows:

Linn County's Changes in Net Position

Governmental Activities

	2014	2015
Revenues		
Program		
Charges for services	\$ 9,804,787	\$ 10,799,699
Operating grants and contributions	35,717,211	39,490,274
General		
Property taxes	27,560,642	30,076,947
Grants and contributions not restricted to specific programs	15,876,820	12,568,940
Other	416,332	79,960
	\$ 89,375,792	\$ 93,015,820
Total revenues		

Linn County's Changes in Net Position

Governmental Activities (continued)

Expenses

General government	\$ 5,767,129	\$ 5,480,755
Public safety	30,427,163	22,864,199
Highways/streets	9,606,246	9,589,994
Local government services	3,217,233	2,676,302
Health services	20,725,009	20,535,611
Community development	6,845,496	6,170,919
Apportionment to school districts	1,999,834	1,733,163
Interest	279,447	-
	78,867,557	69,050,943
Increase (decrease) in net position	10,508,235	23,964,877
Net position - beginning of the year	202,229,059	212,737,294
Restatement of beginning net position	-	(22,753,845)
Net position - end of the year	\$ 212,737,294	\$ 213,948,326

- Total revenues increased by \$3,640,028 between the prior fiscal year and the current fiscal year, primarily due to increases in mental health capitation rates increasing, and property tax revenue going up as a result of the new Law Enforcement Levy passing which increased the tax rate by \$.25 per thousand valuations.
- Overall, County wide expenses decreased by \$9,816,614 from the previous year. This decrease is somewhat misleading because of the implementation of a new government accounting standard (GASB 68) during the current fiscal year, which resulted in a reduction of pension expense of \$16,195,726. This reduced expense was allocated to each functional category by a percentage of pension contributions made for the year. With the implementation of the new standard in the current year, it makes comparisons from last year distorted, because there was not any pension reporting last year. If you remove the \$16,195,726 reduced pension expense for comparability to last year, there was and increase in expenses of \$6,379,112. The bulk of the increase was in health services \$4,461,731, followed by an increase in expenses for roads and bridges of \$1,657,098.

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 \$30,065,892 an increase of \$2,496,834 in comparison with the prior year. Of this total amount \$30,065,892 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 unassigned fund balance was (\$6,284,468), a decrease of \$770,002 compared with the previous year.

Key factors in this change are as follows:

- Overall revenue in the General Fund increased by \$155,759 from \$28,145,737 in 2013-14 to \$28,301,496 in 2014-15, with the mix of revenue categories similar to last year.
- Expenditures in the General Fund increased overall by \$680,470 primarily due increased personnel service costs.
- As mentioned earlier, the General Fund negative fund balance is a result of a \$5,581,797 interfund loan payable, (Roads Fund, 4,235,570 for various projects, and the loan payable of \$1,346,227 to Health Services as mentioned earlier). All interfund loans are being repaid over an eight 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 Veteran's Home 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 \$34,317,236 at year end. This balance decreased by \$413,003 during the year.

Law Enforcement 4-Year Levy – The current four year local option property tax measure was approved by voters in November 2013 (Starting in July 1, 2014, with a new rate of \$2.83 per thousand of assessed value). Expenditures are primarily for continuing law enforcement (sheriff, district attorney, and juvenile). The ending fund balance deficit of (\$990,294) was decreased by \$207,176 from current operations. As a result of an increase in the property tax rate, the LE Fund property tax revenue increased by \$2,344,120, from \$15,867,092 in 2013-14, to \$18,211,212 in 2014-15. The effect of on the new property tax rate increase was significantly reduced (\$5,926,803) due to compression of the overall property tax ceiling imposed by Measure 5. Expenditures increased by \$2,671,800 from \$15,762,474 in 2013-14 to \$18,434,274 in 2014-15 as a result of increased personal service costs for the reopening of a jail wing.

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 \$9,357,906 represents an increase of \$2,387,121 from the prior year. In the current fiscal year overall revenues increased by \$2,557,121 (\$22,036,827 in 2013-14 to \$24,593,948 in 2014-15). In addition, expenditures increased by \$1,723,658 (\$22,030,370 in 2013-14 to \$23,754,028 in 2014-15) due to increased services provide as mentioned above as well as increased personnel costs.

Veterans Home Loan - (formerly 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. The only expenditure of this fund is the interfund loan payment to the Roads Fund. (See letter of transmittal)

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

Unrestricted net position of the Unemployment Fund at the end of the year amounted to \$179,492. This is an increase in net position over last year by \$161,900 primarily due to a positive change in revenues over expenses resulting in an operating income for the period of \$161,102. There was a reduction of unemployment claims of \$98,186 from the prior year. (\$187,266 in 2013-14; \$89,080 in 2014-15)

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$1,635,017 (increase in appropriations) mostly due to increased funds received by the state for mental health, public health, and children and family services of \$417,855, as well as, other general grants \$779,996, and general fund appropriations of \$427,166. Actual receipts in the General Fund were \$320,679 less than anticipated and actual expenditures were \$3,784,112 less than appropriations, demonstrating a generally prudent spending policy. Over half of spending variance was attributed to less spending in the Materials and Service category.

Capital Asset and Debt Administration

Capital assets: Linn County's investment in capital assets for its governmental type activities as of June 30, 2015 amounts to \$192,271,083 (net of accumulated depreciation) and include machinery and equipment, park facilities, roads, highways, and bridges. Beginning in fiscal 2002-03 the county's 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, in 2010-2011 by \$1,905,445, in 2011-12 by \$1,013,397, in 2012-2013 by \$2,758,899, in 2013-14 by 7,847,544 and in the current fiscal year \$4,939,558 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:

- Additional capital expenditures of \$4,499,016 were made for road and bridge improvements during the year.
- Another major addition of \$780,066 was made for the purchase of property (land and building) to provide a new 4-H and Extension Service District facility.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2014	2015
Land	\$ 17,319,451	\$ 17,440,608
Buildings and improvements, net	37,819,532	38,008,190
Equipment, net	7,957,262	7,966,425
Infrastructure, net	120,631,574	124,564,898
Intangibles	846,961	851,441
Construction in progress	2,756,745	3,439,521
Totals	\$ 187,331,525	\$ 192,271,083

The 2014 Pavement Condition Index (PCI) data indicates a slight drop in overall pavement conditions from the 2014 inspection. The arterial roads weighted average PCI in 2012 was 71.6, and 89.1 in 2014, an improvement of 17.5. Collector roads also improved by .05 (2012 =75.4, 2014=75.9) Residential/local roads decreased by .6 (2012=81.4, 2014=80.8) The Road Department anticipates the data may be revised once a quality control check is conducted on the 2014 indicators. The next scheduled pavement inspection cycle is 2016.

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 43 and 44 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 2 percent of its total assessed valuation which would make the current debt limitation for Linn County is \$ 173,800,440.

Economic Factors

- The unemployment rate for Linn County is currently 7.0 percent, which is a decrease from a rate of 8.4 percent a year ago. This compares unfavorably to the state's average unemployment rate of 5.5 percent and the national average rate of 5.3 percent. (See the letter of transmittal for additional detail).
- Linn County's economy continues to improve at a slow pace in housing development both in new construction, refinancing and home improvements. This trend continues, into the first quarter of 2014-2015. The real market value of property continues to improve slightly, which has a positive effect on property tax revenue. 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 \$5,926,803 in property tax revenue collected for the Law Enforcement Levy Fund.
- With 54.43% of revenue dependent on resources from State and Federal governments, the State's fiscal condition is a critical issue for county government. As the state has increased and/or cut back the resources it provides to the county programs, the County has made adjustments in staff and services.
- See the letter of transmittal for additional economic factors.

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 POSITION
June 30, 2015

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 34,625,195
Receivables, net of allowance for doubtful accounts	3,769,189
Due from other governments	1,742,414
Inventories	1,076,425
Investment in joint venture	125,393
Net Pension Liability (Asset)	12,283,908
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	122,531,467
Other capital assets, net of accumulated depreciation	<u>69,739,616</u>
TOTAL ASSETS	<u>245,893,607</u>
<u>LIABILITIES</u>	
Accounts payable	1,700,804
Due to other governments	51,399
Payroll, payroll taxes, and benefits payable	5,653,869
Claims liability	131,928
Long-term obligations:	
Due with in one year:	
Accumulated compensated absences	2,335,154
Due in more than one year:	
Accumulated compensated absences	1,468,118
Post employment health care benefits	1,761,981
TOTAL LIABILITIES	<u>13,103,253</u>
DEFERRED OUTFLOWS/ (INFLOWS) OF RESOURCES	
Net Deferred pension outflows/ (inflows)	<u>18,842,027</u>
Total Deferred Outflows/(Inflows) of resources	<u>18,842,027</u>
<u>NET ASSETS</u>	
Net invested in capital assets	192,271,083
Restricted for:	
Highways and Streets	20,840,007
Health Services	9,318,506
Other Purposes	1,600,005
Unrestricted	<u>(10,081,275)</u>
TOTAL NET POSITION	<u>\$ 213,948,326</u>

See notes to basic financial statements

LINN COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental activities				
General administration and support	\$ 5,480,755	\$ 786,638	\$ 423,704	\$ (4,270,413)
Local government services	2,676,302	731,543	563,334	(1,381,425)
Public safety	22,864,199	2,556,112	2,257,489	(18,050,598)
Health services	20,535,611	1,021,016	21,754,985	2,240,390
Community development	6,170,919	3,084,042	31,507	(3,055,370)
Highways and streets	9,589,994	2,614,397	12,726,092	5,750,495
Apportionments to school districts	1,733,163	5,951	1,733,163	5,951
TOTAL GOVERNMENTAL ACTIVITIES	\$ 69,050,943	\$ 10,799,699	\$ 39,490,274	(18,760,970)

General Revenues

Property taxes levied for:

General purposes	30,076,947
Grants and contributions not restricted to specific programs	12,568,940
Interest and investment earnings	79,960

TOTAL GENERAL REVENUES 42,725,847

CHANGE IN NET POSITION	23,964,877
NET POSITION - BEGINNING	212,737,294
NET Restatement of Beginning Net Position	<u>(22,753,845)</u>
NET POSITION - ENDING	<u>\$ 213,948,326</u>

See notes to basic financial statements

LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
<u>ASSETS</u>							
Cash and investments less OS checks	\$ 1,496,091	\$ 21,071,577	\$ 222,657	\$ 9,480,750	\$ 126	\$ 2,044,220	\$ 34,315,421
Receivables, net of allowance for doubtful accounts	1,115,128	63,485	1,772,709	652,783	109,808	55,276	3,769,189
Due from other funds	24,644	16,393	-	1,631	-	3,500	46,168
Due from other governments	166,487	1,209,046	-	366,881	-	-	1,742,414
Advances to other funds	-	12,400,804	-	1,346,227	-	-	13,747,031
Inventories	-	1,076,425	-	-	-	-	1,076,425
Investment in joint venture	-	125,393	-	-	-	-	125,393
TOTAL ASSETS	\$ 2,802,350	\$ 35,963,123	\$ 1,995,366	\$ 11,848,272	\$ 109,934	\$ 2,102,996	\$ 54,822,041
<u>LIABILITIES</u>							
Accounts payable	\$ 259,498	\$ 970,218	\$ 93,399	\$ 287,447	\$ -	\$ 90,242	\$ 1,700,804
Due to other funds	38,986	7,245	1,361	16,738	-	3,725	68,055
Due to other governments	6,822	-	23,962	-	-	374	31,158
Advances from other funds	5,581,797	-	-	-	8,165,234	-	13,747,031
Unearned revenue	-	59,421	-	652,783	-	55,276	767,480
Payroll, payroll taxes, and benefits payable	2,198,566	587,264	1,204,333	1,533,398	-	130,308	5,653,869
TOTAL LIABILITIES	\$ 8,085,669	\$ 1,624,148	\$ 1,323,055	\$ 2,490,366	\$ 8,165,234	\$ 279,925	\$ 21,968,397

See notes to basic financial statements
Continued on page 4

BALANCE SHEET

GOVERNMENTAL FUNDS (Continued)

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - assessments	\$ -	\$ 21,739	\$ -	\$ -	\$ -	\$ -	\$ 21,739
Unavailable revenue - property taxes	1,001,149	-	1,662,605	-	102,259	-	2,766,013
TOTAL DEFERRED INFLOWS OF RESOURCES	1,001,149	21,739	1,662,605	-	102,259	-	2,787,752
<u>FUND BALANCES</u>							
Non spendable:							
Inventories	-	1,076,425	-	-	-	-	1,076,425
Restricted for:							
Roads	-	20,840,007	-	-	-	-	20,840,007
Health Services	-	-	-	8,011,679	-	-	8,011,679
Grants/ minor funds	-	-	-	-	7,675	1,823,071	1,830,746
Committed to:							
Interfund loan commitments	-	12,400,804	-	1,346,227	-	-	13,747,031
Unassigned	(6,284,468)	-	(990,294)	-	(8,165,234)	-	(15,439,996)
TOTAL FUND BALANCES	(6,284,468)	34,317,236	(990,294)	9,357,906	(8,157,559)	1,823,071	30,065,892
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,802,350	\$ 35,963,123	\$ 1,995,366	\$ 11,848,272	\$ 109,934	\$ 2,102,996	\$ 54,822,041

See notes to basic financial statements

LINN COUNTY

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION

June 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	30,065,892
<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	\$	230,886,271	
Less accumulated depreciation		<u>(38,615,188)</u>	192,271,083
Net pension Liability/Asset not reported in government funds			12,283,908
Net deferred pension inflows (outflows) are not payable in the current period and therefore are not reported in the funds.			(18,842,027)
Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds.			(3,803,272)
Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds.			(1,761,981)
Unavailable revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.			3,555,231
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>179,492</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>213,948,326</u>

LINN COUNTY
STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
REVENUES							
Property taxes	\$ 10,462,007	\$ -	\$ 18,211,212	\$ -	\$ 1,179,455	\$ -	\$ 29,852,674
Intergovernmental	8,994,425	14,858,615	-	22,550,946	-	4,887,760	51,291,746
Licenses, permits, fines and services	7,441,122	481,873	-	1,470,125	-	1,406,779	10,799,899
Interest earnings	10,536	34,821	9,541	19,208	1,268	3,788	79,162
Interest inter fund loan	-	216,921	-	30,000	-	-	246,921
Indirect cost reimbursement	1,393,406	-	-	315,699	-	30,356	1,739,461
Miscellaneous	-	-	6,345	207,970	-	8,092	222,407
TOTAL REVENUES	28,301,496	15,592,230	18,227,098	24,593,948	1,180,723	6,336,775	94,232,270
EXPENDITURES							
Current :							
General administration and support	5,976,827	-	-	-	-	-	5,976,827
Local government services	3,424,956	-	-	-	-	-	3,424,956
Public safety	12,024,115	-	17,522,136	-	-	-	29,546,251
Health services	-	-	-	22,686,259	-	2,170,068	24,856,327
Community development	4,767,157	-	-	-	-	1,997,691	6,764,848
Highways and streets	-	10,743,588	-	-	-	-	10,743,588
Apportionments to school districts	-	-	-	-	-	1,733,163	1,733,163
Capital Outlay	1,155,205	4,986,634	403,631	101,615	-	56,009	6,703,094
Indirect cost allocation	-	187,676	508,507	966,154	-	77,124	1,739,461
Debt service:							
Principal	-	-	-	-	-	-	-
Interest interfund	79,761	-	-	-	167,160	-	246,921
TOTAL EXPENDITURES	27,428,021	15,917,898	18,434,274	23,754,028	167,160	6,034,055	91,735,436
Excess (deficiency) of revenues over expenditures	873,475	(325,668)	(207,176)	839,920	1,013,563	302,720	2,496,834
OTHER FINANCING SOURCES (USES)							
Transfers in	555,405	-	-	959,388	-	466,723	1,981,516
Transfers out	(1,298,882)	(87,335)	-	-	-	(595,299)	(1,981,516)
TOTAL OTHER FINANCING SOURCES (USES)	(743,477)	(87,335)	-	959,388	-	(128,576)	-
Net change in fund balances	129,998	(413,003)	(207,176)	1,799,308	1,013,563	174,144	2,496,834
Prior period adjustment	(900,000)	-	-	-	-	900,000	-
Fund balances (deficit) at beginning of year	(5,514,466)	34,730,239	(783,118)	7,558,598	(9,171,122)	748,927	27,569,058
Fund balances (deficit) at end of year	\$ (6,284,468)	\$ 34,317,236	\$ (990,294)	\$ 9,357,906	\$ (8,157,559)	\$ 1,823,071	\$ 30,065,892

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, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,496,834

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

Governmental funds report capital outlay as expenditures; however in the statement of activities, the cost of those assets is depreciated over their estimated useful lives

Expenditures for capital assets	\$	7,386,029	
Capital asset deletions		(71,937)	
Less current year depreciation		<u>(2,374,535)</u>	4,939,557

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in unavailable revenue			518,952
Pension Expense/ Income			16,195,726

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

Net OPEB obligations			(164,052)
Accumulated compensated absences			(184,040)

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>161,900</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 23,964,877

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, 2015

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes				
Current year's levy Includes CATFA	\$ 9,916,999	\$ 9,916,999	\$ 10,171,491	\$ 254,492
Prior years' levies	380,000	380,000	352,843	(27,157)
Total property taxes	10,296,999	10,296,999	10,524,334	227,335
Intergovernmental				
O & C land grant	1,000,250	1,000,250	1,097,870	97,620
Payments in lieu of taxes	170,000	170,000	186,202	16,202
State forest land sales	1,700,000	1,700,000	1,646,379	(53,621)
Amusement tax	24,000	24,000	26,935	2,935
Cigarette tax	122,765	122,765	172,278	49,513
Electric co-op tax	171,000	171,000	180,460	9,460
Liquor tax	572,000	572,000	541,397	(30,603)
Video lottery reimbursement	496,000	496,000	482,814	(13,186)
Private car tax	3,000	3,000	3,266	266
Assessment and taxation grant	645,000	645,000	562,904	(82,096)
Assessment and taxation contracts	44,000	44,000	19,470	(24,530)
Sheriff support, state jail reinvestment			-	
Veterans' officer reimbursement	59,791	59,791	73,649	13,858
State prison revenue-corrections	1,186,250	1,186,250	1,081,359	(104,891)
State prisoner allocation-contract - criminal	1,186,819	1,186,819	1,074,028	(112,791)
Juvenile detention contracts	317,308	317,308	330,784	13,476
Planning contract with cities	110,000	110,000	183,865	73,865
Cities and district contract with Sheriff Support	379,170	379,170	372,853	(6,317)
Emergency 911 contract with Sheriff	675,000	675,000	675,000	-
Cities contract with Justice court	25,147	25,147	24,113	(1,034)
Juvenile work crew/ Fed forest title II	75,000	75,000	52,075	(22,925)
Juvenile contract with cities	80,000	80,000	109,335	29,335
Surveyor contracts	3,000	3,000	-	(3,000)
GIS grant	5,000	5,000	-	(5,000)
Information technology service contracts	25,850	25,850	26,400	550
Total intergovernmental	9,076,350	9,076,350	8,923,436	(152,914)

See notes to basic financial statements

Continued on pages 9-16

**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	\$ 50	\$ 50	\$ -	\$ (50)
Assessment and taxation	86,005	86,005	128,687	42,682
Clerk	1,206,564	1,206,564	1,021,667	(184,897)
Treasurer	2,700	2,700	2,023	(677)
Surveyor	71,000	71,000	74,370	3,370
Veterans Services	25,100	28,100	15,273	(12,827)
Planning	820,500	820,500	1,021,637	201,137
Parks and recreation	1,756,200	1,756,200	1,687,418	(68,782)
Historical	40,000	40,000	15,634	(24,366)
Justice court - Central Linn	708,000	708,000	620,670	(87,330)
District attorney	150,000	172,166	168,807	(3,359)
Sheriff				
Corrections	595,000	595,000	489,616	(105,384)
Jail	-	-	-	-
Civil	367,000	367,000	362,884	(4,116)
Criminal	115,000	115,000	43,501	(71,499)
Dogs	165,440	165,440	178,562	13,122
Support	91,180	91,180	21,387	(69,793)
Juvenile	25,700	25,700	36,174	10,474
General administration	50,500	50,500	38,076	(12,424)
Information technology	5,000	5,000	1,425	(3,575)
General services	7,006	7,006	64,048	57,042
Printing	282,500	334,500	314,048	(20,452)
County Counsel	-	-	827	827
Geographic information system	5,000	5,000	4,657	(343)
Expo	990,900	990,900	1,023,581	32,681
Non departmental	187,000	187,000	72,822	(114,178)
Regence and SAIF settlement	170,000	170,000	157,983	(12,017)
Indirect cost reimbursements, net	1,345,372	1,345,372	1,393,406	48,034
Total licenses, permits, fines and services	9,268,717	9,345,883	8,959,183	(386,700)
Interest earnings	20,000	20,000	11,600	(8,400)
TOTAL REVENUES	28,662,066	28,739,232	28,418,553	(320,679)

See notes to basic financial statements
Continued on pages 10-16

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	\$ 464,222	\$ 463,722	\$ 458,246	\$ 5,476
Materials and services	9,625	9,625	9,447	178
Total Commissioners	473,847	473,347	467,693	5,654
Assessment and Taxation				
Personal services	1,885,440	1,885,440	1,870,755	14,685
Materials and services	237,100	237,100	218,610	18,490
Capital outlay	5	5	-	5
Total Assessment and Taxation	2,122,545	2,122,545	2,089,365	33,180
Clerk				
Personal services	920,847	920,847	864,006	56,841
Materials and services	229,274	229,274	200,273	29,001
Capital outlay	1	1	-	1
Total Clerk	1,150,122	1,150,122	1,064,279	85,843
Treasurer				
Personal services	243,802	246,102	245,768	334
Materials and services	9,650	9,650	9,622	28
Total Treasurer	253,452	255,752	255,390	362
Surveyor				
Personal services	405,710	408,710	408,183	527
Materials and services	14,168	10,668	8,564	2,104
Capital Outlay	1	3,001	3,000	1
Total Surveyor	419,879	422,379	419,747	2,632
Veterans' Services				
Personal services	232,693	232,693	222,466	10,227
Materials and services	9,856	12,856	10,977	1,879
Total Veterans' Services	242,549	245,549	233,443	12,106

See notes to basic financial statements
 Continued on pages 11-16

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

	<u>Budget</u>	<u>Budget</u>		
	<u>Original</u>	<u>Original</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Justice Court - Central Linn				
Personal services	\$ 595,826	\$ 595,826	\$ 540,095	\$ 55,731
Materials and services	96,000	96,000	92,707	3,293
Capital outlay	5	5	-	5
Total Justice Court - Central Linn	691,831	691,831	632,802	59,029
District Attorney				
Personal services	896,312	958,572	871,363	87,209
Materials and services	53,771	53,771	34,900	18,871
Total District Attorney	950,083	1,012,343	906,263	106,080
County Counsel				
Personal services	440,783	440,783	400,715	40,068
Materials and services	27,762	27,762	16,909	10,853
Total County Counsel	468,545	468,545	417,624	50,921
Juvenile				
Personal services	1,172,142	1,172,142	967,151	204,991
Materials and services	60,333	60,333	49,441	10,892
Capital Outlay	1	1	-	1
Total Juvenile	1,232,476	1,232,476	1,016,592	215,884
Planning and Building				
Personal services	1,013,296	1,008,295	987,196	21,099
Materials and services	75,000	75,000	63,105	11,895
Capital Outlay	5	5,005	4,975	30
Total Planning and Building	1,088,301	1,088,300	1,055,276	33,024
Sheriff - Support Services				
Personal services	2,338,800	2,338,800	2,140,817	197,983
Materials and services	619,949	619,949	576,631	43,318
Capital outlay	1	1	-	1
Total Sheriff - Support Services	2,958,750	2,958,750	2,717,448	241,302

See notes to basic financial statements
 Continued on pages 12-16

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

	<u>Budget</u> <u>Original</u>	<u>Budget</u> <u>Original</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Sheriff - Civil				
Personal services	\$ 861,822	\$ 861,822	\$ 816,400	\$ 45,422
Materials and services	31,850	31,850	25,981	5,869
Capital Outlay	1	1	-	1
Total Sheriff - Civil	893,673	893,673	842,381	51,292
Sheriff - Criminal				
Personal services	3,699,875	3,369,875	2,586,793	783,082
Materials and services	128,215	417,915	102,031	315,884
Capital Outlay	1	12,001	10,216	1,785
Total Sheriff - Criminal	3,828,091	3,799,791	2,699,040	1,100,751
Sheriff - Corrections				
Personal services	2,503,765	2,503,765	1,990,710	513,055
Materials and services	741,999	741,999	659,821	82,178
Total Sheriff - Corrections	3,245,764	3,245,764	2,650,531	595,233
Sheriff - Dogs				
Personal services	497,942	497,942	432,100	65,842
Materials and services	113,916	113,916	93,000	20,916
Capital Outlay	1	1	-	1
Total Sheriff - Dogs	611,859	611,859	525,100	86,759
Medical Examiner				
Materials and services	80,396	60,396	58,471	1,925
Parks and Recreation				
Personal services	1,019,019	1,005,519	1,005,334	185
Materials and services	473,585	487,085	486,952	133
Capital outlay	170,000	170,000	20,000	150,000
Total Parks and Recreation	1,662,604	1,662,604	1,512,286	150,318

See notes to basic financial statements

Continued on pages 13-16

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

	Budget Original	Budget Original	Actual	Variance
EXPENDITURES (Continued)				
Historical				
Personal services	\$ 26,900	\$ 26,900	\$ 20,448	\$ 6,452
Materials and services	21,600	21,600	19,949	1,651
Capital outlay	20,000	20,000	-	20,000
Total Historical	68,500	68,500	40,397	28,103
General Administration				
Personal services	661,761	661,761	654,594	7,167
Materials and services	634,956	634,956	584,802	50,154
Capital outlay	2	2	-	2
Total General Administration	1,296,719	1,296,719	1,239,396	57,323
Information Systems				
Personal services	829,651	853,651	853,407	244
Materials and services	86,111	96,656	96,548	108
Capital outlay	33,510	22,965	22,965	-
Total Information Systems	949,272	973,272	972,920	352
General Services				
Personal services	1,027,868	1,010,868	985,180	25,688
Materials and services	790,496	805,496	804,796	700
Capital outlay	103,901	105,901	21,467	84,434
Total General Services	1,922,265	1,922,265	1,811,443	110,822
Printing				
Personal services	247,881	247,881	245,276	2,605
Materials and services	154,460	206,460	188,897	17,563
Capital outlay	1	1	-	1
Total Printing	402,342	454,342	434,173	20,169
Geographic System (GIS)				
Personal services	345,403	345,403	325,781	19,622
Materials and services	63,150	63,150	51,070	12,080
Capital outlay	1	1	-	1
Total Geographic System (GIS)	408,554	408,554	376,851	31,703

See notes to basic financial statements
 Continued on pages 14-16

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

	<u>Budget</u> <u>Original</u>	<u>Budget</u> <u>Original</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Expo				
Personal services	712,244	677,244	673,590	3,654
Materials and services	485,980	520,980	517,708	3,272
Capital Outlay	100,001	100,001	-	100,001
Total Expo	1,298,225	1,298,225	1,191,298	106,927
Non-departmental				
Personal services	30,001	40,063	40,062	1
Materials and services	506,871	756,871	615,272	141,599
Capital outlay	933,190	1,223,128	931,492	291,636
Total Non-departmental	1,470,062	2,020,062	1,586,826	433,235
Contingency	419,354	199,261	-	199,261
TOTAL EXPENDITURES	30,610,060	31,037,226	27,217,035	3,820,191
Excess (deficiency) of revenues over expenditures	(1,947,994)	(2,297,994)	1,201,518	3,499,512

*See notes to basic financial statements
Continued on pages 15 -16*

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

	Budget	Budget		
	Original	Original	Actual	Variance
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
Transfer from Roads	\$ 600,000	\$ 950,000	\$ 950,000	\$ -
Transfer from Grants/ Non departmental	19,262.00	19,262.00	19,262.00	-
Transfer from Grants/Sheriff Support	70,712.00	70,712.00	70,712.00	-
Road funds / Corrections	60,000	60,000	0	(60,000)
Corner Preservation/surveyor	157,400	157,400	124,015	(33,385)
Road funds / Surveyor	110,000	110,000	77,925	(32,075)
Road Fund / Juvenile	10,000	10,000	3,750	(6,250)
Road fund loan/Criminal	1,000,000	1,000,000	-	(1,000,000)
Road fund transfer/Criminal	1,000,000	1,000,000	-	(1,000,000)
Fair fund to expo	29,500	29,500	29,500	-
Road Fund / GIS	30,000	30,000	4,020	(25,980)
Road Fund / Information Technology Service	12,000	12,000	1,641	(10,359)
Law Enforcement Fund Sheriff to ITS	3,000	3,000	1,800	(1,200)
Federal Forest/sheriff support	14,250	14,250	14,250	-
Federal Forest/sheriff criminal	153,330	153,330	153,330	-
Federal Forest/sheriff corrections	57,000	57,000	57,000	-
Transfers (to) other funds				
County Fair	(60,000)	(60,000)	(60,000)	-
Transfer to Forest Fund	(126,000)	(126,000)	(126,000)	-
Corner Preservation/Clerk	(157,500)	(157,500)	(149,900)	7,600
Special transportation to general grants	(40,000)	(40,000)	-	40,000
Law Library	(3,600)	(3,600)	(3,592)	8
Health Fund - A&D	(86,153)	(86,153)	(86,153)	-
Health Fund -Public	(873,229)	(873,229)	(873,229)	-
To roads fund for loan payment, Assessment and Tax	(68,134)	(68,134)	(68,133)	1
Loan Repayment to Health Fund	(183,774)	(183,774)	(183,774)	-
Loan Repayment	(622,428)	(622,428)	(622,428)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,105,636	1,455,636	(666,004)	(2,121,640)

See notes to basic financial statements
 Continued on page 16

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

	<u>Budget</u>	<u>Budget</u>		
	Original	Original	Actual	Variance
Net change in fund balance	\$ (842,358)	\$ (842,358)	\$ 535,514	\$ 1,377,872
Fund balance at beginning of year	842,358	842,358	961,414	119,056
Fund balance at end of year	\$ -	\$ -	1,496,928	
Reconciliation to GAAP basis				
Year End Cash Adjustment			762	
Fair value adjustment			(1,597)	
Accounts receivable			48,335	
Property taxes receivable and available			65,644	
Due from other governments and available			166,487	
Due from other funds and available			24,644	
Advance from Roads Fund			(5,581,796)	
Accounts payable			(259,498)	
Due to other governments			(6,823)	
Due to other funds			(38,986)	
Payroll, payroll taxes and benefits payable			(2,198,568)	
Fund balance (GAAP basis) - at end of year			\$ (6,284,468)	

See notes to basic financial statements

LINN COUNTY

MAJOR SPECIAL REVENUE FUNDS

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

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

Law Enforcement 4-Year Levy – This fund was supported by the first year of a four-year local option property tax levy in annual amount of \$2.83 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.

Veterans Home Loan –(Properties Fund re-named) Established in fiscal 2010-11, 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, 2015

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 7,842,516	\$ 7,842,516	\$ 7,584,597	\$ (257,919)
Federal forest	3,000,000	3,000,000	3,167,339	167,339
Intergovernmental	13,882,136	13,882,136	4,050,411	(9,831,725)
Interest earnings	100,000	100,000	65,821	(34,179)
Miscellaneous	681,350	681,350	473,271	(208,079)
TOTAL REVENUES	25,506,002	25,506,002	15,341,439	(10,164,563)
EXPENDITURES				
Personal services	7,342,701	7,377,701	6,726,814	650,887
Materials and services	5,366,155	5,366,155	3,313,156	2,052,999
Indirect cost allocation	187,676	187,676	187,676	-
Capital outlay	17,290,000	17,290,000	5,005,478	12,284,522
Contingency	4,482,838	4,097,838	-	4,097,838
Reserve for future years	7,540,162	7,540,162	-	7,540,162
TOTAL EXPENDITURES	42,209,532	41,859,532	15,233,124	26,626,408
Excess (deficiency) of revenues over expenditures	(16,703,530)	(16,353,530)	108,315	16,461,845
OTHER FINANCING SOURCES (USES)				
Loan repayments from other funds				
General fund /Accounting software	125,209	125,209	125,209	-
General Fund for park	265,615	265,615	265,614	(1)
General fund / Assessment and Tax	68,134	68,134	68,133	(1)
General fund / DA software	-	-	-	-
General fund / Boilers	70,734	70,734	70,733	(1)
Veterans Home Loan	1,329,968	1,329,968	1,186,443	(143,525)
Repayment Jackson Street	90,097	90,097	90,096	(1)
Transfer from Regional Fueling Facility	5,000	5,000	-	(5,000)
General fund / Willamette property	70,773	70,773	70,772	(1)
Loan Advance / Patrol	(1,000,000)	(1,000,000)	-	1,000,000
Transfer to General Fund	(1,000,000)	(1,000,000)	-	1,000,000
Loan Advance	(600,000)	(950,000)	(950,000)	-
General Fund /Surveyor contract	(110,000)	(110,000)	(77,924)	32,076
Juvenile work crew/General Fund	(10,000)	(10,000)	(3,750)	6,250
ITS support/General Fund	(12,000)	(12,000)	(1,641)	10,359
GIS Contract	(30,000)	(30,000)	(4,020)	25,980
Sheriff-Road Crew	(60,000)	(60,000)	-	60,000
TOTAL OTHER FINANCING SOURCES (USES)	(796,470)	(1,146,470)	839,665	1,986,135

See notes to basic financial statements
 Continued on page 18

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

	<u>Budget</u> Original	<u>Budget</u> Original	<u>Actual</u>	<u>Variance</u>
Net change in fund balance	\$ (17,500,000)	\$ (17,500,000)	\$ 947,980	\$ 18,447,980
Fund balance at beginning of year	<u>17,500,000</u>	<u>17,500,000</u>	<u>20,139,882</u>	<u>2,639,882</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>21,087,862</u>	<u>\$ 21,087,862</u>
Reconciliation to GAAP basis:				
Accounts receivable and available			20,179	
Cash imprest adjustment			350	
Fair value adjustment			(16,635)	
Due from other funds			16,393	
Due from other governments and available			1,171,192	
Current portion of interfund loan receivable			1,963,186	
Investment in fuel facility			125,393	
Inventories			1,076,425	
Accounts payable			(563,704)	
Contracts payable			(406,514)	
Due to other funds			(7,245)	
Payroll, payroll taxes and benefits payable			<u>(587,264)</u>	
Total current reconciling items			2,791,756	
Long-term portion of interfund loan receivable			<u>10,437,618</u>	
Total all reconciling items			<u>13,229,374</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 34,317,236</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, 2015

REVENUES	Original Budget	Final Budget	Actual	Variance
Property taxes:				
Current year's levy	\$ 18,524,931	\$ 18,524,931	\$ 17,591,079	\$ (933,852)
Prior year's levy	520,000	520,000	580,488	60,488
Total property taxes	19,044,931	19,044,931	18,171,567	(873,364)
Contracts	-	-	6,345	6,345
Interest earnings	10,000	10,000	9,541	(459)
CATFA Funding	-	-	134,047	134,047
TOTAL REVENUES	19,054,931	19,054,931	18,321,500	(733,431)
EXPENDITURES				
Personal services	15,506,596	15,172,414	14,734,028	438,386
Materials and services	2,546,831	2,735,713	2,500,605	235,108
Indirect cost allocation	508,507	508,507	508,507	-
Capital outlay	399,005	544,305	540,936	3,369
Operating Contingency	116,854	116,854	-	116,854
TOTAL EXPENDITURES	19,077,793	19,077,793	18,284,076	793,717
Excess (deficiency) of revenues over expenditures	(22,862)	(22,862)	37,424	60,286
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(3,000)	(3,000)	-	-
Loan repayment to General Road Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,000)	(3,000)	-	-
Net change in fund balance	(25,862)	(25,862)	37,424	60,286
Fund balance at beginning of year	25,862	25,862	185,233	159,371
Fund balance at end of year	\$ -	\$ -	222,657	\$ 219,657
Reconciliation to GAAP basis:				
Property taxes receivable and available			110,104	
Accounts payable			(93,399)	
Due to other governments			(23,962)	
Due to other funds			(1,361)	
Payroll, payroll taxes and benefits payable			(1,204,333)	
Fund balance (GAAP basis) at end of year			\$ (990,294)	

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, 2015

REVENUES	Budget		Actual	Variance
	Original	Final		
Health administration:				
Grants	\$ 601,538	\$ 601,538	\$ 319,029	\$ (282,509)
Indirect cost reimbursement	43,162	43,162	43,162	-
Mental health services:				
Grants	2,663,785	2,756,101	2,999,877	243,776
Group home room and board	32,355	32,355	26,641	(5,714)
Title XIX	347,115	347,115	403,746	56,631
Contracts	75,729	75,729	73,009	(2,720)
Managed care	8,256,245	8,556,245	8,945,487	389,242
MVBCN Revenue	-	-	2,145,328	2,145,328
Reimbursements	593,523	593,523	543,865	(49,658)
Earnings on deposits	19,011	19,011	24,416	5,405
Miscellaneous fees	33,561	33,561	50,514	16,953
Developmental disabilities:				
Grants	2,044,482	2,046,982	2,771,361	724,379
Miscellaneous fees	-	-	25	25
Earnings on deposits	4,403	4,403	4,410	7
Alcohol and drug:				
Grants	1,420,834	1,420,834	1,377,658	(43,176)
Beer and wine tax	110,114	110,114	114,939	4,825
Title XIX	36,099	36,099	162,825	126,726
Managed care	1,327,981	1,327,981	1,246,403	(81,578)
Reimbursements	47,166	47,166	84,428	37,262
Miscellaneous fees	18,231	18,231	15,072	(3,159)
Earnings on deposits	473	473	27	(446)
Donations/Gifts	-	-	3,100	3,100
Indirect cost reimbursement	71,288	71,288	71,288	-
Public health:				
Grants	1,320,863	1,343,902	1,526,065	182,163
Medicaid administration	126,800	126,800	154,814	28,014
Title XIX	366,944	366,944	369,459	2,515
Family-PEP	392,000	392,000	168,337	(223,663)
Miscellaneous fees	120,010	120,010	139,259	19,249
Reimbursements	18,522	18,522	17,671	(851)
Earnings on deposits	350	350	35	(315)
Indirect cost reimbursement	201,249	201,249	201,249	-
Environmental health:				
Grants	100,637	100,637	100,629	(8)
Licenses and permits	343,000	343,000	387,952	44,952
Miscellaneous fees	270,000	270,000	290,697	20,697
Earnings on deposits	993	993	2,872	1,879
Indirect cost reimbursement	48,034	48,034	-	(48,034)
TOTAL REVENUES	21,056,497	21,474,352	24,785,649	3,311,297

See notes to basic financial statements
 Continued on page 21

**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	\$ 18,689,551	\$ 18,751,606	\$ 17,433,366	\$ 1,318,240
Materials and services	5,606,863	5,555,963	4,464,742	1,091,221
Indirect cost allocation	966,154	966,154	966,154	-
Capital outlay	100,006	740,258	682,830	57,428
Contingency	1,746,661	1,513,109	-	1,513,109
TOTAL EXPENDITURES (1)	27,109,235	27,527,090	23,547,092	3,979,998
Excess (deficiency) of revenues over expenditures	(6,052,738)	(6,052,738)	1,238,557	7,291,295
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,143,156	1,143,156	1,143,156	-
Transfers out	-	-	-	-
Net change in fund balance	(4,909,582)	(4,909,582)	2,381,713	7,291,295
Fund balance at beginning of year	4,909,582	4,909,582	7,106,521	2,196,939
Fund balance at end of year	\$ -	\$ -	9,488,234	
Reconciliation to GAAP basis:				
Fair market value and cash adjustment			(7,484)	
Due from other governments and available			366,881	
Due from other funds and available			1,631	
Advances to other funds			1,346,227	
Accounts payable			(287,447)	
Due to other funds			(16,738)	
Payroll, payroll taxes and benefits payable			(1,533,398)	
Fund balance (GAAP basis) at end of year			\$ 9,357,906	
<i>(1) Summary of Expenditures by Program</i>				
Health administration	\$ 731,397	\$ 731,397	\$ 420,572	\$ 310,825
Mental - emotional disturbances	14,083,730	14,709,598	13,341,540	1,368,058
Developmental disabilities	2,806,341	2,808,841	2,439,500	369,341
Alcohol and drug	3,159,239	3,159,239	3,036,844	122,395
Public health	3,598,907	3,621,946	3,460,548	161,398
Environmental health	982,960	982,960	848,088	134,872
Contingency	1,746,661	1,513,109	-	1,513,109
TOTAL EXPENDITURES BY PROGRAM	\$ 27,109,235	\$ 27,527,090	\$ 23,547,092	\$ 3,979,998

See notes to basic financial statements

LINN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 VETERANS HOME LOAN (PROPERTIES FUND)
 Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property Tax - Current	\$ 1,290,398	\$ 1,290,398	\$ 1,142,957	\$ (147,441)
Property Tax - Prior	38,570	38,570	35,463	(3,107)
Earnings on deposits	1,000	1,000	1,268	268
CATFA funding	-	-	6,881	6,881
TOTAL REVENUES	<u>1,329,968</u>	<u>1,329,968</u>	<u>1,186,569</u>	<u>(143,399)</u>
EXPENDITURES				
Loan Repayment	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,329,968	1,329,968	1,186,569	143,399
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(1,329,968)</u>	<u>(1,329,968)</u>	<u>(1,186,443)</u>	<u>143,525</u>
Net change in fund balance	-	-	126	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>126</u>	<u>\$ -</u>
Reconciliation to GAAP basis:				
Property tax receivable			7,549	
Advances from Other Funds			<u>(8,165,234)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ (8,157,559)</u>	

See notes to basic financial statements

LINN COUNTY
INTERNAL SERVICE FUND

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

LINN COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

		Governmental Activities
		Internal Service

<u>ASSETS</u>		
Cash and investments	\$	309,774
Due from other funds		21,887

TOTAL ASSETS		331,661

<u>LIABILITIES</u>		
Due to other governments		20,241
Claims liability		131,928

TOTAL LIABILITIES		152,169

<u>NET POSITION</u>		
Unrestricted	\$	179,492

LINN COUNTY

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 Year Ended June 30, 2015

	Governmental Activities
	<u>Internal Service</u>
OPERATING REVENUES	
Reimbursements	\$ <u>250,182</u>
OPERATING EXPENSES	
Insurance claims	89,080
Operating income	161,102
NONOPERATING REVENUES	
Interest earnings	<u>798</u>
Change in net assets	161,900
Total net position - beginning of year	<u>17,592</u>
Total net position - end of year	<u>\$ 179,492</u>

See notes to basic financial statements

LINN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended June 30, 2015

	Governmental Activities
	Internal Service
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 248,487
Cash paid for insurance claims	<u>(88,029)</u>
Net cash provided (used) by operating activities	160,458
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>798</u>
Net cash provided (used) by investing activities	798
Net increase in cash and cash equivalents	161,256
Cash and cash equivalents - beginning of year	<u>148,518</u>
Cash and cash equivalents - end of year	<u>\$ 309,774</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 161,102
Decrease (increase) in due from other funds	(1,696)
Increase (decrease) in due to other government	(7,676)
Increase (decrease) in claims liability	<u>8,727</u>
Net cash provided by operating activities	<u>\$ 160,457</u>

LINN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,860,883
Receivables	12,126,127
Due from other governments	<u>78,313</u>
 TOTAL ASSETS	 <u>\$ 14,065,323</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 75,341
Due to other governments	1,347,506
Amounts held in trust	<u>12,642,476</u>
 TOTAL LIABILITIES	 <u>\$ 14,065,323</u>

See notes to basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2015

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LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2015

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 position and the statement of activities) report information on all of the nonfiduciary activities of the County (the primary government). 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.

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.

The basis 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: revenue sources are property taxes, intergovernmental receipts, and permits, licenses, and fees.

General Road Revenue source is primarily intergovernmental receipts

Law Enforcement 4-Year Levy: revenue source is property taxes

Health: revenue sources are intergovernmental receipts, and licenses, permits and fees.

Veterans' Home Loan: revenue source is property taxes

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. The internal service fund accounts 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.

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 March or April and the hearing is held in April. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budget (Continued)

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. Expenditures for all funds were within appropriation amounts.

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.

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 unavailable 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 an unearned revenue account. Loans receivable will be recognized as revenue as they become measurable and available.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Receivables (Continued)

Assessments receivable pertain to improvements benefiting specific property owners. These receivables are offset by an unavailable 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.

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 unearned 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 more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

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.

L. Investment in Joint Venture

The County reports its vested pro-rata share of the June 30, 2015 Net Position 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 position. Bond premiums and discounts 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. 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. There is no debt in the current year.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations (Continued)

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 Position. 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 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.

P. Net Position and Fund Equity

Net Position

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Position and Fund Equity (Continued)

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 formally set aside by the Board of Commissioners for a particular purpose. The Board of Commissioners may commit funds balances by resolution. 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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

S. Pension

For the purposes of measuring the net pension liability, deferred outflow of resources related to pensions, pension expense, information about fiduciary net position of the Oregon Public employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP approximates 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2015 the County had the following investments:

	Rating	Maturities	Fair Value
State Treasurer's Investment Pool	No rating	N/A	\$ 16,218,039
US Government Bond	AA+	09/07/2015	985,860
Precision Cast Parts Corp Bond	A-	12/05/2015	1,000,00
JP Morgan Chase Bond	A	03/16/2016	1,279,396
Royal Bank of Canada Bond		03/08/2015	1,000,906
Wachovia Bank NA Bond	A+	03/15/2016	1,566,393
Bank Of America Corp Bond	A-	03/17/2016	1,219,591
BNY Mellon NA Bond	A+	04/01/2016	523,537
Overseas Private INV COR	AA+	08/20/2016	1,510,500
Coca Cola CO/THE	AA	09/01/2016	1,092,909
US Bancorp Bond	A+	11/15/2016	1,222,053
Fair Market Value Adjustment			<u>(27,382)</u>
Total Investments			<u>\$ 27,591,804</u>

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

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. 87% 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 \$11,373,765 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 County's deposits may not be returned. Deposits with financial institutions consist of bank demand deposits. For the fiscal year ended June 30, 2015, the bank balances were \$8,503,517. Of the bank balance, \$ 500,000 was covered by Federal Depository Insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

A. The County's deposits and investments at June 30, 2015, are as follows:

Cash on hand	\$ 17,813
Deposits with financial institutions	
Checking and saving accounts	7,870,082
Certificates of Deposit	1,006,379
Investments	<u>27,591,804</u>
Total cash and investments – all funds	<u>\$36,486,078</u>

B. Cash and Investments by fund:

Governmental activities

Governmental funds	
General	\$ 1,496,091
General Road	21,071,577
Law Enforcement 4-Year Levy	222,657
Health	9,480,750
Other governmental funds	<u>2,044,346</u>
Total governmental funds	34,315,421
Proprietary fund	
Internal Service	<u>309,774</u>
Total governmental activities	34,625,195
Fiduciary fund	
Agency	<u>1,860,883</u>
Total cash and investments	<u>\$36,486,078</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

	General	General Roads	Enforcement 4-Year Levy	Veterans Home Loan	Health	Non Major Government Funds	Agency	Totals
Property taxes	\$1,064,723	\$ -	\$ 1,772,709	\$ 109,808	\$ -	\$ -	\$ -	\$ 2,947,240
Accounts	48,335	20,179	-	-	1,476,393	54,159	-	1,599,066
Interest	2,070	21,567	-	-	9,703	1,117	-	34,457
Contracts and loans	-	-	-	-	-	-	-	0
Assessment	-	21,739	-	-	-	-	-	21,739
Gross Receivable, net	1,115,128	63,485	1,772,709	109,808	1,486,096	55,276	-	4,602,502
Less Allowance for uncollectible	-	-	-	-	(833,313)	-	-	(833,313)
Receivables, net	\$1,115,128	\$63,485	\$1,772,709	\$ 109,808	\$ 652,783	\$55,276	\$ -	\$3,769,189

4. INTERFUND RECEIVABLES AND PAYABLES

Fund	Due from Other Funds	Due to Other Funds
General	\$ 24,644	\$ 38,986
General Road	16,393	7,245
Law Enforcement 4-Year Levy	-	1,361
Health	1,631	16,738
Other governmental funds	3,500	3,725
Internal service	21,887	-
	<u>\$ 68,055</u>	<u>\$ 68,055</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. 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

On June 19, 2007, the General Road Fund made an interfund loan, which will be repaid over a ten-year period, to the General Fund in the amount of \$1,450,000 for the purchase of land. During the year, \$10,314 of interest was paid to the Road Fund on this loan. In Fiscal Year 2008-09, the General Road Fund made an \$860,001 interfund loan to the General Fund for the purchase of a new financial applications software and reporting system. During Fiscal Year 2009-10, interfund loans between the General Fund and the Road Fund amounted to \$890,000 (new assessment and taxation system \$420,000, new District Attorney tracking system \$300,000, and a new elevator in the County Courthouse \$170,000). The District Attorney loan was paid off in fiscal 2013-2014. Those loans will be repaid over a five to ten-year period. Interest payments of \$23,047 were made to the Road Fund for those additional interfund loans. In Fiscal Year 2010-11, an interfund loan of \$12,000,000 was made from the Road Fund to the Veterans Home Loan Fund to purchase land which was then given to the State of Oregon, representing the County's contribution, for the new Veterans' Home. This loan will be paid off over a ten-year period. Principle of \$1,019,283 and interest of \$167,153 was paid to the Road fund by the Veterans Home Loan fund during the current fiscal year. During fiscal year 2011-12, a \$400,000 loan was made between the General Fund and the Road Fund to purchase property next to the Sheriff's Department /Jail. In 2012-13, the Health Services Fund loaned \$1,500,000 to the General Fund for the purchase of a building, which will be the new home for many parts of the Linn County Health services. During the 2013-14 fiscal year a \$900,000 loan was made between the General Fund and the Road Fund to purchase a marina on Foster Lake; During the current year a \$950,000 loan between the General Fund and Roads was made to purchase the Tangent property, a new home for the Linn County 4-H and extension district. As of June 30, 2015, the combined balance of the interfund loans is \$13,747,031.

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	\$ 555,405	\$ 1,298,882
General Road	-	87,335
Health	-	-
Other Government Funds	959,388	-
	<u>466,723</u>	<u>595,299</u>
Total	<u>\$ 1,981,516</u>	<u>\$ 1,981,516</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

	Balances June 30, 2014	Additions	Deletions	Balances June 30, 2015
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 17,319,451	\$ 121,157	\$ -	\$ 17,440,608
Infrastructure	99,714,195	1,937,143	-	101,651,338
Construction in progress	2,756,745	5,181,792	4,499,016	3,439,521
		-		
Total capital assets not being depreciated	<u>119,790,391</u>	<u>7,240,092</u>	<u>4,499,016</u>	<u>122,531,467</u>
Capital assets being depreciated				
Buildings and improvements	50,388,993	1,003,975	-	51,392,968
Intangibles	1,532,162	100,456	-	1,632,618
Equipment	23,407,954	978,650	477,177	23,909,427
Infrastructure	28,857,918	2,561,873	-	31,419,791
Total capital assets being depreciated	<u>104,187,027</u>	<u>4,644,954</u>	<u>477,177</u>	<u>108,354,804</u>
Less accumulated depreciation for:				
Buildings and improvements	12,569,461	815,317	-	13,384,778
Intangibles	685,201	95,976	-	781,177
Equipment	15,450,692	897,550	405,240	15,943,002
Infrastructure	7,940,539	565,692	-	8,506,231
Total accumulated depreciation	<u>36,645,893</u>	<u>2,374,535</u>	<u>405,240</u>	<u>38,615,188</u>
Total capital assets, being depreciated, net	<u>67,541,134</u>	<u>2,270,419</u>	<u>71,937</u>	<u>69,739,616</u>
Governmental activities capital assets, net	<u>\$ 187,331,525</u>	<u>\$ 9,510,511</u>	<u>\$ 4,570,953</u>	<u>\$ 192,271,083</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	\$ 184,535
Local government services	44,050
Public safety	465,370
Health services	60,239
Community development	435,483
Highways and streets	<u>1,184,535</u>
 Total depreciation expense – governmental activities	 <u>\$ 2,374,535</u>

8. DUE TO OTHER GOVERNMENTS

At June 30, 2015 the internal service fund owed the State of Oregon \$20,241. In Addition, Linn County's General Fund and Law Enforcement Fund owed the Regional Fueling Facility \$31,158 for gasoline used in June 2015.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

During the year ended June 30, 2015, the following changes occurred with long-term obligations:

	Balances June 30, 2014	Additions	Reductions	Balances June 30, 2015	Balances Due Within One Year
Accumulated compensated absences	\$3,619,232	\$3,803,272	\$3,619,232	\$3,803,272	\$2,335,154
Totals	\$3,619,232	\$3,803,272	\$3,619,232	\$3,803,272	\$2,335,154

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

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, 2015, were \$202,470. Future minimum lease payments for the non cancelable leases are as follows.

	Year ending June 30,
2016	\$ 161,976
2017	121,482
2018	80,988
2019	40,494
2020	<u>20,247</u>
Total	<u>\$ 425,187</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. NONEXCHANGE FINANCIAL GUARANTEES

The County guarantees an obligation involving an 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, 2014, amounts to \$585,000. A principal reduction of \$585,000 was made in September 2014 to retire this debt. 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.

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. All County funds contribute to the pay-as you go-basis.

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. The County's annual OPEB cost, the contribution, the percentage of annual OPEB contributed to the plan, and the OPEB obligation were as follows:

Schedule of Funding Progress

Fiscal Years Ended	Annual OPEB Cost	Contributions	% of OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 442,852	\$ 112,954	25.51%	\$ 900,080
6/30/2011	442,478	209,893	47.43%	900,080
6/30/2012	456,134	216,829	47.53%	1,139,385
6/30/2013	404,394	162,115	40.09%	1,381,664
6/30/2014	416,897	200,632	48.13%	1,597,929
6/30/2015	419,722	255,670	60.91%	1,761,981

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. POSTEMPLOYMENT HEALTHCARE BENEFIT: (Continued):

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date, the actuarially accrued liability was \$4,504,556 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 \$36,346,656 and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 12.39 %. The County implemented GASB 45 in fiscal 2008-09. A multi-year schedule of funding progress is presented as Required Supplementary Information.

	2011	2012	2013	2014	2015
Annual Required Contribution (ARC)	\$ 441,285	\$ 454,523	\$ 402,357	\$ 414,427	\$ 416,864
Interest on prior year Net OPEB obligation	26,699	36,004	45,575	55,266	63,918
Adjustment to ARC	(25,506)	(34,393)	(43,538)	(52,796)	(61,060)
Annual OPEB cost	442,478	456,134	404,394	416,897	419,722
Implicit benefit payments	(209,893)	(216,829)	(162,115)	(200,632)	(255,670)
Increase in net OPEB obligation	232,585	239,305	242,279	216,265	164,052
Net OPEB obligation - beginning of year	667,495	900,080	1,139,385	1,381,664	1,597,929
Net OPEB obligation - end of year	<u>\$ 900,080</u>	<u>\$ 1,139,385</u>	<u>\$ 1,381,664</u>	<u>\$ 1,597,929</u>	<u>\$ 1,761,981</u>

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, 2014 actuarial valuation, the actuary used the projected unit credit actuarial cost method. Actuarial assumptions included a discount rate of 4 percent, inflation rate of 3 percent, projected salary increases of 3 percent per year, and a healthcare cost trend rate of 7 percent initially, and reduced by decrements to an ultimate rate of 5 percent after sixteen years. The UAAL is being amortized over an open period of 30 years as a level percentage. The amortization method used is the level % of payroll and an open period is used.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. RETIREMENT PLAN

General Information about the Pension Plan.

Plan description. The County is a participating employer in the Oregon Public Employee Retirement System (PERS)—a cost-sharing multiple employer defined benefit pension plan administered under ORS 238 and Internal Revenue Service 401(a) by the Public Employees Retirement Board (PERB). PERB issues a publicly available financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two Retirement Benefit. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. RETIREMENT PLAN (Continued)

- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Pension Program (OPSRP DB)

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

IAP Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions.

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$5,093,522 excluding amounts to fund employer specific liabilities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported a liability (asset) of \$(12,283,908) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating County's, actuarially determined. At December 31, 2012, the County's proportion was .54192562 percent, which was the same as its proportion measured as of December 31, 2011. For the year ended June 30, 2015, and the County recognized pension expense of \$(16,195,726). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.	-	-
Changes in Assumptions.	-	-
Net difference between projected and actual earnings on pension plan investments.	-	23,702,966
Changes in proportion and differences between employer contributions and proportionate share of contributions.	-	232,583
Contributions subsequent to the measurement date	<u>5,093,522</u>	<u>-</u>
Net deferred outflows/(inflows)	\$ -	\$ 18,842,027

\$ (23,935,549) reported as net deferred outflows/(inflows) of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

<u>Year ended June 30:</u>	
2016	\$ (5,976,302)
2017	(5,976,303)
2018	(5,976,302)
2019	(5,976,303)
2020	(30,339)
Thereafter	-
Total	<u><u>\$ (23,935,549)</u></u>

Actuarial assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.2%	4.50%
Short-Term Bonds	8.0%	3.70%
Intermediate -Term Bond	3.0%	4.10%
High Yield Bonds	1.8%	6.66%
Large Cap US Equities	11.6%	7.20%
Mid Cap US Equities	3.9%	7.30%
Small Cap US Equities	2.3%	7.45%
Developed Foreign Equiti	14.2%	6.90%
Emerging Foreign Equitie:	5.5%	7.40%
Private Equities	20.0%	8.26%
Opportunity Funds/Absol	5.0%	6.01%
Real Estate (Property)	13.8%	6.51%
Real Estate (REITS)	2.5%	6.76%
Commodities	7.7%	6.07%
Total	106.4%	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.75percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount rate (7.75%)</u>	<u>1%Increase (8.75)</u>
Linn County's proportionate share of the net pension liability (asset)	\$ (12,161,069)	\$ (12,283,908)	\$ (12,406,747)

Changes in Plan Provisions Subsequent to Measurement Date:

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. Restoration payments to those benefit recipients will be made in the future.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 30, 2015.

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 \$123,200 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>
2012-13	\$160,580	\$(133,310)	\$142,938	\$115,668
2013-14	115,668	(51,622)	187,266	123,200
2014-15	123,200	166,048	89,080	131,928

(Beginning balance-payments+ ending liability=change in estimate)

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, 2014.

	<u>Spent to date</u>	<u>Remaining Commitments</u>
Bridge/ Road Improvement	\$ <u>3,439,521</u>	\$ <u>16,210,000</u>
Totals	\$ <u>3,439,521</u>	\$ <u>16,210,000</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, 2014. All advances must be repaid by May 31, 2015.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. FUND DEFICITS

At June 30, 2015, General Fund had a deficit fund balance of (\$6,284,468). The General Fund has an interfund loan balance with the Roads Fund of \$5,581,797 as of June 30, 2015, as well as an accrued payroll of \$1,776,782 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, 2015, the Law Enforcement 4-Year Levy Fund had a deficit fund balance of (\$990,294) primarily due to recording the accrued payroll.

At June 30, 2015, the Veterans' Home Loan fund had a deficit fund balance of (\$8,157,559) 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 34.7 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.

18. PRIOR PERIOD ADJUSTMENT

In Fiscal year 2013-14 a Marina was purchased by the County, and the transaction was recorded in the County Forest/ Parks Fund with an interfund loan from the Roads Fund in the amount of \$900,000. In fiscal 2014-2015 it was determined that the marina purchase and the interfund loan more appropriately belong in the General Fund. A prior period adjustment to the to the beginning fund balance of the County Forest / Parks Fund and the General Fund is necessary to recognize this change at the fund level. Because this is an interfund transaction the government wide statements are not effected.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

18. PRIOR PERIOD ADJUSTMENT (Continued)

RESTATEMENT OF PRIOR YEAR NET POSITION

Due to the implementation of GASB 68 a restatement of the prior year net position was required

The restatement as follows:

Net position- Beginning as previously reported	\$ 212,737,294
Pension Asset for prepaid as of 6/30/14	-
Proportionate share of net position liability	(27,655,849)
Net outflows/(inflows) of resources	<u>4,901,413</u>
Net Position- Beginning as restated	<u>\$ 189,983,445</u>

REQUIRED SUPPLEMENTARY INFORMATION

**Linn County Road Department
Planned versus Actual Maintenance**

Five Years - 2011-2015

Fiscal Year (Ending June 30)					
	2014-15	2013-14	2012-13	2011-12	2010-11
Arterials					
Planned	\$ 525,916	\$ 171,790	\$ 160,497	\$ 173,064	\$ 190,446
Actual	\$ 526,678	\$ 169,825	\$ 157,794	\$ 176,957	\$ 214,560
Collectors					
Planned	\$ 4,016,998	\$ 3,280,373	\$ 3,064,722	\$ 3,304,689	\$ 3,636,616
Actual	\$ 4,022,816	\$ 3,242,853	\$ 3,013,117	\$ 3,379,036	\$ 4,097,075
Local					
Planned	\$ 5,474,537	\$ 4,728,318	\$ 4,417,480	\$ 4,763,368	\$ 5,241,806
Actual	\$ 5,482,466	\$ 4,674,237	\$ 4,343,096	\$ 4,870,531	\$ 5,905,509
Total Planned	\$ 10,017,451	\$ 8,180,481	\$ 7,642,699	\$ 8,241,121	\$ 9,068,868
Total Actual	\$ 10,031,960	\$ 8,086,916	\$ 7,514,006	\$ 8,426,524	\$ 10,217,144
Difference	\$ (14,509)	\$ 93,565	\$ 128,692	\$ (185,404)	\$ (1,148,276)

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 2012-2013 was due to not expending the \$600,000 budgeted for asphalt overlays.

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)		
	2014	2012	2010
Arterial	89.1	71.6	76.3
Collector	75.9	75.4	78.5
Residential / Local	80.8	81.4	81.3

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. The 2014 pavement inspection data is the most recent and is reflected in the table above. Also included are the maintenance treatments performed in the summer of 2014. The next scheduled pavement inspection cycle is 2016.

**LINN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>UAAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/1/2008	\$ -	\$ 3,614,984	\$ 3,614,984	\$ -	\$ 31,569,264	11.45%
7/1/2010	-	4,241,537	4,241,537	-	32,440,648	13.07%
7/1/2012	-	4,007,352	4,007,352	-	34,012,953	11.78%
7/1/2014	-	4,504,556	4,504,556	-	36,346,656	12.39%

The above table presents the most recent actuarial valuations for the County's post-retirement health and welfare benefits plan, and it provides information that approximates the funding progress of the plan. The next valuation will be as of July,1 2016.

**LINN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET LIABILITY
For the fiscal year ended June 30, 2015
Last 10 fiscal years**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Linn County covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.5419	\$ (12,283,908)	\$ 36,350,673	(33.8) %	103.6 %
2014	0.5419	27,655,258	34,425,737	80.3	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend has been compiled information is presented only for the years for which the required supplementary information is available.

**LINN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
For the fiscal year ended June 30, 2015
Last 10 fiscal years**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 5,093,522	\$ 5,093,522	-	\$ 36,350,673	14.01%
2014	4,901,413	4,901,413	-	34,425,737	14.24%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

LINN COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	County Fair	Fund closed 2014-15 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	\$ 105,940	\$ -	\$ 241,291	\$ 1,092,188	\$ 294,777	\$ 90,349	\$ 24,436	\$ 156,269	\$ -	\$ 38,970	\$ 2,044,220
Receivables, net of allowance for doubtful accounts	-	-	-	55,276	-	-	-	-	-	-	55,276
Due from other governments	-	-	-	3,500	-	-	-	-	-	-	3,500
TOTAL ASSETS	\$ 105,940	\$ -	\$ 241,291	\$ 1,150,964	\$ 294,777	\$ 90,349	\$ 24,436	\$ 156,269	\$ -	\$ 38,970	\$ 2,102,996
LIABILITIES											
Accounts payable	\$ 468	\$ -	\$ 2,383	\$ 87,179	\$ -	\$ -	\$ -	\$ 212	\$ -	\$ -	\$ 90,242
Due to other funds	3,649	-	3	73	-	-	-	-	-	-	3,725
Due to other governments	-	-	-	374	-	-	-	-	-	-	374
Unearned revenue	-	-	-	55,276	-	-	-	-	-	-	55,276
Payroll, payroll taxes and benefits payable	-	-	3,934	126,374	-	-	-	-	-	-	130,308
TOTAL LIABILITIES	4,117	-	6,320	269,276	-	-	-	212	-	-	279,925
FUND BALANCES											
Restricted for:											
Grants/ minor funds	101,823	-	234,971	881,688	294,777	90,349	24,436	156,057	-	38,970	1,823,071
Committed to:											
TOTAL FUND BALANCES	101,823	-	234,971	881,688	294,777	90,349	24,436	156,057	-	38,970	1,823,071
TOTAL LIABILITIES AND FUND BALANCES	\$ 105,940	\$ -	\$ 241,291	\$ 1,150,964	\$ 294,777	\$ 90,349	\$ 24,436	\$ 156,269	\$ -	\$ 38,970	\$ 2,102,996

LINN COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	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	\$ 50,964	\$ -	\$ -	\$ 1,948,290	\$ 77,732	\$ 639,651	\$ -	\$ -	\$ -	\$ 1,733,163	\$ 438,160	\$ 4,887,960
Licenses, permits, fines and services	363,024	-	89,268	933,964	-	-	-	-	20,323	-	-	1,406,579
Indirect cost reimbursement	-	-	-	30,356	-	-	-	-	-	-	-	30,356
Interest earnings	-	(130)	1,037	609	1,033	-	382	90	767	-	-	3,788
Miscellaneous	-	-	-	-	-	-	-	8,092	-	-	-	8,092
TOTAL REVENUES	413,988	(130)	90,305	2,913,219	78,765	639,651	382	8,182	21,090	1,733,163	438,160	6,336,775
EXPENDITURES												
Public safety	-	(37,879)	80,082	1,361,613	-	639,651	-	-	-	-	174,610	2,218,077
Community development	407,725	-	-	1,477,447	-	-	8,380	4,753	107,386	-	-	2,005,691
Apportionments to school districts	-	-	-	-	-	-	-	-	-	1,733,163	-	1,733,163
Indirect cost allocation	-	-	19,117	42,457	-	-	15,550	-	-	-	-	77,124
TOTAL EXPENDITURES	407,725	(37,879)	99,199	2,881,517	-	639,651	23,930	4,753	107,386	1,733,163	174,610	6,034,055
Excess (deficiency) of revenues over expenditure	6,263	37,749	(8,894)	31,702	78,765	-	(23,548)	3,429	(86,296)	-	263,550	302,720
OTHER FINANCING SOURCES (USES)												
Transfers in	60,000	-	3,592	127,230	-	-	149,901	-	126,000	-	-	466,723
Transfers out	(27,000)	(22,293)	-	(197,411)	-	-	(124,015)	-	-	-	(224,580)	(595,299)
TOTAL OTHER FINANCING SOURCES (USE)	33,000	(22,293)	3,592	(70,181)	-	-	25,886	-	126,000	-	(224,580)	(128,576)
Net change in fund balances	39,263	15,456	(5,302)	(38,479)	78,765	-	2,338	3,429	39,704	-	38,970	174,144
Prior period adjustment	-	-	-	-	-	-	-	-	900,000	-	-	900,000
Fund balances at beginning of year	62,560	(15,456)	240,273	920,167	216,012	-	88,011	21,007	(783,647)	-	-	748,927
Fund balances (deficit) at end of year	\$ 101,823	\$ -	\$ 234,971	\$ 881,688	\$ 294,777	\$ -	\$ 90,349	\$ 24,436	\$ 156,057	\$ -	\$ 38,970	\$ 1,823,071

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, 2015**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Oregon State Lottery distribution	\$ 51,000	\$ 51,000	\$ 50,964	\$ (36)
Parking fees	26,000	26,000	24,903	(1,097)
Sponsorship fees	102,500	112,500	163,800	61,300
Gate fees, carnival fees, entry fees	95,300	95,300	76,551	(18,749)
Booth revenues, contracts, miscellaneous	<u>87,200</u>	<u>87,200</u>	<u>97,770</u>	<u>10,570</u>
TOTAL REVENUES	362,000	372,000	413,988	51,988
EXPENDITURES				
Materials and services	<u>400,000</u>	<u>410,000</u>	<u>404,114</u>	<u>5,886</u>
Excess (deficiency) of revenues over expenditures	(38,000)	(38,000)	9,874	47,874
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	60,000	60,000	60,000	-
Transfer to General Fund	<u>(27,000)</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Net change in fund balance	(5,000)	(5,000)	42,874	47,874
Fund balance at beginning of year	<u>5,000</u>	<u>5,000</u>	<u>63,066</u>	<u>58,066</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	105,940	<u>\$ 105,940</u>
Reconciliation to GAAP basis:				
Due to other Funds			(3,649)	
Accounts payable			<u>(468)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 101,823</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, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Dog licenses and penalties	\$ -	\$ -	\$ -	\$ -
Dog fees - miscellaneous	-	-	-	-
Grants	-	-	-	-
Donations/Miscellaneous	-	-	-	-
Indirect cost Reimbursement	-	-	-	-
Interest earnings	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Indirect cost allocation	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	<u>(35,000)</u>	<u>(35,000)</u>	<u>(22,293)</u>	<u>12,707</u>
Net change in fund balance	(35,000)	(35,000)	(22,293)	12,707
Fund balance at beginning of year	<u>35,000</u>	<u>35,000</u>	<u>22,293</u>	<u>(12,707)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

Reconciliation to GAAP basis:

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, 2015

	Budget Original/Final	Actual	Variance
REVENUES			
Law library fees	\$ 89,228	\$ 89,228	\$ -
Research and card fees	10	40	30
Interest earnings	900	1,037	137
Miscellaneous	10	-	(10)
TOTAL REVENUES	<u>90,148</u>	<u>90,305</u>	<u>157</u>
EXPENDITURES			
Personal services	43,045	39,750	3,295
Materials and services	99,800	39,011	60,789
Indirect cost allocation	19,117	19,117	-
Capital outlay	20,000	-	20,000
Contingency	153,399	-	153,399
TOTAL EXPENDITURES	<u>335,361</u>	<u>97,878</u>	<u>237,483</u>
Excess (deficiency) of revenues over expenditures	(245,213)	(7,573)	237,640
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	3,600	3,592	(8)
Net change in fund balance	(241,613)	(3,981)	237,632
Fund balance at beginning of year	241,613	245,272	3,659
Fund balance at end of year	\$ <u>-</u>	241,291	\$ <u>241,291</u>
Reconciliation to GAAP basis:			
Accounts payable		(2,383)	
Due to other fund		(3)	
Payroll, payroll taxes and benefits payable		(3,934)	
Fund balance (GAAP basis) at end of year		\$ <u>234,971</u>	

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

Year Ended June 30, 2015

REVENUES	Budget		Actual	Variance
	Original	Final		
Commissioners:				
Commissioners' grants	\$ 185,000	\$ 245,260	\$ 328,300	\$ 83,040
Earnings on deposits	900	900	1,632	732
Reimbursements and miscellaneous fees	182,000	632,000	662,054	30,054
Veteran's Services:				
Rental payments	20,000	20,000	11,645	(8,355)
Parks:				
Rental payments	9,600	9,600	9,600	-
Reimbursements	5,000	5,000	-	(5,000)
Donations/ Gifts	1,000	1,000	100	(900)
Grants	281,885	281,885	23,574	(258,311)
Earnings on deposits	525	525	187	(338)
Marine gas tax	70,975	70,975	69,534	(1,441)
RV license fees	381,000	381,000	390,387	9,387
Fair	26,200	26,200	47,345	21,145
Sheriff grants	340,371	450,107	549,504	99,397
District attorney grants	279,760	279,760	159,593	(120,167)
Dog Control donation	15,000	15,000	15,821	
Juvenile:				
Grants	843,409	903,409	613,473	(289,936)
Contracts	48,000	48,000	2,915	
Matching funds	100	100	-	(100)
Linn Benton Mediation Grant	74,000	104,000	104,765	765
Earnings on deposit	500	500	480	(20)
General services Grants	5,001	5,001	1,000	(4,001)
Energy Utility Reimbursement	1	60,001	72,667	12,666
Fair and Expo		10,000	-	(10,000)
Indirect Cost Reimbursement	30,356	30,356	30,356	-
TOTAL REVENUES	2,800,583	3,580,579	3,094,932	(441,383)

Continued on page 70

**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	\$ 564,900	\$ 1,075,160	\$ 795,071	\$ 280,089
Veteran's services	52,507	52,507	22,617	29,890
Parks grants	751,435	751,435	411,937	339,498
Fair	54,700	54,700	50,140	4,560
Sheriff	596,183	705,920	491,748	214,172
Dog Control	50,000	50,000	14,684	
District attorney grants	279,760	279,760	195,481	84,279
Juvenile high risk	762,745	832,536	662,174	170,362
General Administration	102,703	132,703	72,776	59,927
General Services	50,672	110,672	41,629	69,043
Fair and Expo		10,000	1,667	
Investment Incentive contracts	47,100	47,100	10,000	37,100
Indirect Cost allocation	42,457	42,457	42,457	-
Contingency/Obligated reserves	85,589	75,797	-	75,797
TOTAL EXPENDITURES	3,440,751	4,220,747	2,812,381	1,408,366
Excess (deficiency) of revenues over expenditures	(640,168)	(640,168)	282,551	922,719
OTHER FINANCING SOURCES (USES):				
Transfers in	180,712	180,712	127,230	(53,482)
Transfers out	(198,186)	(198,186)	(197,411)	775
Total other financing sources (uses)	(17,474)	(17,474)	(70,181)	(52,707)
Net change in fund balance	(657,642)	(657,642)	212,370	870,012
Fund balance of beginning of year	657,642	657,642	880,480	222,838
Fund balance at end of year	\$ -	\$ -	1,092,850	\$ 1,092,850
Reconciliation to GAAP basis:				
FMV adjustment			(862)	
Adjust Cash			200	
Due from othter funds			3,500	
Accounts payable			(87,179)	
Due to other governments			(374)	
Due to other funds			(73)	
Payroll, payroll taxes and benefits payable			(126,374)	
Fund balance (GAAP basis) at end of year			\$ 881,688	

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, 2015

	Budget Original/Final	Actual	Variance
REVENUES			
Motor vehicle apportionments	\$ 79,217	\$ 83,540	\$ 4,323
Interest earnings	700	1,033	333
		-	
TOTAL REVENUES	<u>79,917</u>	<u>84,573</u>	<u>4,656</u>
EXPENDITURES			
Capital outlay	<u>299,917</u>	-	<u>299,917</u>
Net change in fund balance	(220,000)	84,573	304,573
Fund balance at beginning of year	<u>220,000</u>	<u>210,204</u>	<u>(9,796)</u>
Fund balance at end of year	<u>\$ -</u>	294,777	<u>\$ 294,777</u>
Reconciliation to GAAP basis:			
Fund balance (GAAP basis) at end of year		<u>\$ 294,777</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, 2015

	Budget Original/Final	Actual	Variance
REVENUES			
9-1-1 emergency communications tax	\$ -	\$ 227,658	\$ 227,658
Cities' 9-1-1 emergency communication tax	-	412,003	412,003
TOTAL REVENUES	-	639,661	639,661
EXPENDITURES			
Materials and services	-	639,661	(639,661)
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

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, 2015**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Interest earnings	\$ 600	600	\$ 382	\$ 218
TOTAL REVENUES	<u>600</u>	<u>600</u>	<u>382</u>	<u>1,291</u>
EXPENDITURES				
Materials and services	20,049	17,049	970	19,079
Indirect cost allocation	15,550	15,550	15,550	-
Capital outlay	5,002	8,002	7,410	(2,408)
Contingency	13,771	13,771	-	13,771
Reserve for Future Years	-	-	-	-
TOTAL EXPENDITURES	<u>54,372</u>	<u>54,372</u>	<u>23,930</u>	<u>30,442</u>
Excess (deficiency) of revenues over expenditures	(53,772)	(53,772)	(23,548)	30,224
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund - Clerks Office	157,500	157,500	149,901	(7,599)
Transfer to Surveyor Contract/GIS Contract	(157,400)	(157,400)	(124,015)	33,385
Total other financing sources (uses)	<u>100</u>	<u>100</u>	<u>25,886</u>	<u>25,786</u>
Net change in fund balance	(53,672)	(53,672)	2,338	56,010
Fund balance at beginning of year	53,672	53,672	88,011	34,339
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,349</u>	<u>\$ 90,349</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, 2015**

	Budget Original/Final	Actual	Variance
REVENUES			
Grants	\$ -	\$ 7,934	\$ 7,934
Interest earnings	300	90	(210)
Donations and gifts	<u>4,500</u>	<u>158</u>	<u>(4,342)</u>
TOTAL REVENUES	<u>4,800</u>	<u>8,182</u>	<u>3,382</u>
EXPENDITURES			
Material and services	4,552	-	4,552
Capital outlay	<u>20,700</u>	<u>4,753</u>	<u>15,947</u>
TOTAL EXPENDITURES	<u>25,252</u>	<u>4,753</u>	<u>20,499</u>
Net change in fund balance	(20,452)	3,429	23,881
Fund balance at beginning of year	<u>20,452</u>	<u>21,007</u>	<u>555</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 24,436</u>	<u>\$ 24,436</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 2015**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Firewood sales and U.S.F.S Camp Grounds	\$ 4,000	\$ 4,000	\$ 20,323	\$ 16,323
Timber sales	322,075	322,075	-	(322,075)
Interest earnings	50	50	767	717
TOTAL REVENUES	<u>326,125</u>	<u>326,125</u>	<u>21,090</u>	<u>(305,035)</u>
EXPENDITURES				
Materials and services	26,125	91,125	74,424	16,701
Capital outlay	427,000	362,000	36,655	325,345
TOTAL EXPENDITURES	<u>453,125</u>	<u>453,125</u>	<u>111,079</u>	<u>342,046</u>
Excess (deficiency) of revenues over expenditures	(127,000)	(127,000)	(89,989)	37,011
OTHER FINANCING SOURCES (USES)				
Road Fund Transfer In	126,000	126,000	126,000	-
Net change in fund balance	(1,000)	(1,000)	36,011	37,011
Prior period adjustment			900,000	
Fund balance at beginning of year	1,000	1,000	(779,742)	(780,742)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,269</u>	<u>\$ 156,269</u>

Reconciliation to GAAP basis:

Accounts Payable	<u>(212)</u>
Fund balance at end of year	<u>\$ 156,057</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, 2015

	Budget Original/Final	Actual	Variance
REVENUES			
State forest land sales	\$ 1,350,000	\$ 582,695	\$ (767,305)
Federal forest land sales	1,100,000	1,055,780	(44,220)
Private Car Co Tax	5,000	2,507	(2,493)
Electric co-op tax	85,000	90,095	5,095
Miscellaneous fees	300	1,715	1,415
Interest earnings	800	842	42
TOTAL REVENUES	<u>2,541,100</u>	<u>1,733,634</u>	<u>(807,466)</u>
EXPENDITURES			
Materials and Services	<u>2,541,100</u>	<u>1,733,634</u>	<u>807,466</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<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, 2015**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Federal Forest	\$ 399,190	\$ 399,190	\$ 438,160	\$ 38,970
EXPENDITURES				
Materials and services	174,610	174,610	174,610	-
Excess (deficiency) of revenues over expenditures	224,580	224,580	263,550	38,970
OTHER FINANCING SOURCES (USES):				
Transfer out	(224,580)	(224,580)	(224,580)	-
Net change in fund balance	-	-	38,970	38,970
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,970</u>	<u>\$ 38,970</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, 2015**

	Budget		Actual	Variance
	Original Budget	Final		
REVENUES				
Reimbursements	\$ 230,000	\$ 230,000	\$ 248,487	\$ 18,487
Interest earnings	500	500	798	298
TOTAL REVENUES	<u>230,500</u>	<u>230,500</u>	<u>249,285</u>	<u>18,785</u>
EXPENDITURES				
Program management	2,000	2,000	1,600	400
Claim payments	232,000	232,000	86,429	145,571
Contingency	161,500	161,500	-	161,500
TOTAL EXPENDITURES	<u>395,500</u>	<u>395,500</u>	<u>88,029</u>	<u>307,471</u>
Net change in fund balance	(165,000)	(165,000)	161,256	326,256
Fund balance at beginning of year	165,000	165,000	148,518	(16,482)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	309,774	<u>\$ 309,774</u>
Reconciliation to GAAP basis:				
Due from other funds and available			21,887	
Due to other governments			(20,241)	
Claims liability			<u>(131,928)</u>	
Net assets at end of year			<u>\$ 179,492</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, 2015

	Balances June 30, 2014	Additions	Deductions	Balances June 30, 2015
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 744,424	\$ 114,288,530	\$ 114,325,960	\$ 706,994
<u>Liabilities</u>				
Amounts held in trust	\$ 744,424	\$ 114,288,530	\$ 114,325,960	\$ 706,994
 Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 184,672	\$ 1,092,962	\$ 1,017,887	\$ 259,747
Accounts receivable	1,300,047	664,212	1,300,047	664,212
Total assets	<u>\$ 1,484,719</u>	<u>\$ 1,757,174</u>	<u>\$ 2,317,934</u>	<u>\$ 923,959</u>
<u>Liabilities</u>				
Due to other governments	\$ 1,300,047	\$ 664,212	\$ 1,300,047	\$ 664,212
Amounts held in trust	184,672	1,092,962	1,017,887	259,747
Total liabilities	<u>\$ 1,484,719</u>	<u>\$ 1,757,174</u>	<u>\$ 2,317,934</u>	<u>\$ 923,959</u>
 Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 582,894	\$ 136,593,854	\$ 136,481,621	\$ 695,127
Property taxes receivable	10,990,571	10,945,176	10,990,571	10,945,176
Total assets	<u>\$ 11,573,465</u>	<u>\$ 147,539,030</u>	<u>\$ 147,472,192</u>	<u>\$ 11,640,303</u>
<u>Liabilities</u>				
Due to other governments	\$ 1,300,047	\$ 664,212	\$ 1,300,047	\$ 664,212
Amounts held in trust	10,273,418	\$ 129,186,635	128,483,962	10,976,091
Total liabilities	<u>\$ 11,573,465</u>	<u>\$ 129,850,847</u>	<u>\$ 129,784,009</u>	<u>\$ 11,640,303</u>

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

	Balances June 30, 2014	Additions	Deductions	Balances June 30, 2015
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 125,723	\$ 644,784	\$ 661,443	\$ 109,064
Accounts receivable	535,979	516,739	535,979	516,739
Total assets	<u>\$ 661,702</u>	<u>\$ 1,161,523</u>	<u>\$ 1,197,422</u>	<u>\$ 625,803</u>
<u>Liabilities</u>				
Due to other governments	\$ 19,358	\$ 19,082	\$ 19,358	\$ 19,082
Amounts held in trust	642,344	1,142,441	1,178,064	606,721
Total liabilities	<u>\$ 661,702</u>	<u>\$ 1,161,523</u>	<u>\$ 1,197,422</u>	<u>\$ 625,803</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 38,768	\$ 1,045,262	\$ 994,079	\$ 89,951
Due from other governments	109,849	78,313	109,849	78,313
Total assets	<u>\$ 148,617</u>	<u>\$ 1,123,575</u>	<u>\$ 1,103,928</u>	<u>\$ 168,264</u>
<u>Liabilities</u>				
Accounts payable	\$ 32,093	\$ 75,341	\$ 32,093	\$ 75,341
Amounts held in trust	116,524	1,048,234	1,071,835	92,923
Total liabilities	<u>\$ 148,617</u>	<u>\$ 1,123,575</u>	<u>\$ 1,103,928</u>	<u>\$ 168,264</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 1,676,481	\$ 253,665,392	\$ 253,480,990	\$ 1,860,883
Property taxes receivable	10,990,571	10,945,176	10,990,571	10,945,176
Accounts receivable	1,836,026	1,180,951	1,836,026	1,180,951
Due from other governments	109,849	78,313	109,849	78,313
Total assets	<u>\$ 14,612,927</u>	<u>\$ 265,869,832</u>	<u>\$ 266,417,436</u>	<u>\$ 14,065,323</u>
<u>Liabilities</u>				
Accounts payable	\$ 32,093	\$ 75,341	\$ 32,093	\$ 75,341
Due to other governments	2,619,452	1,347,506	2,619,452	1,347,506
Amounts held in trust	11,961,382	246,758,802	246,077,708	12,642,476
Total liabilities	<u>\$ 14,612,927</u>	<u>\$ 248,181,649</u>	<u>\$ 248,729,253</u>	<u>\$ 14,065,323</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, 2015

	Assessor	Clerk	Commis- sioners	District Attorney	Justice Courts Central Linn/ Lebanon	Sheriff	Surveyor	Tax Collector	Treasurer	Totals
On hand - June 30, 2014 (1)	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 125,722	\$ -	\$ 50	\$ 650	\$ 31,746,993	\$ 31,876,535
Receipts	711,060	1,021,666	379,674	403,551	891,488	5,210,125	276,310	136,593,854	137,726,618	283,214,346
Turnovers and disbursements:										
To County Treasurer	(711,060)	(1,021,666)	(379,674)	(403,551)	(644,784)	-	(276,310)	(136,593,854)		(140,030,899)
To Others	-	-	-	-	(263,362)	(5,210,125)	-	-	(132,526,304)	(137,999,791)
On hand - June 30, 2015 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 109,064</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 36,947,307</u>	<u>\$ 37,060,191</u>
(1) Consists of:					-					
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,201,719	16,201,719
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	20,745,020	20,745,020
Due to County Treasurer	-	-	-	-	(60,414)	-	-	-	-	(60,414)
Due to State of Oregon	-	-	-	-	(19,081)	-	-	-	-	(19,081)
Change and revolving funds	870	200	50	2,000	188,559	-	50	650	568	192,947
Totals	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 109,064</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 36,947,307</u>	<u>\$ 37,060,191</u>

LINN COUNTY

SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2015

Tax Year	Receivable 6/30/2014	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable 6/30/2015
2014-15	\$ -	\$ 139,681,035	\$ (3,602,356)	\$ 79,761	\$ 130,569,989	\$ (339,426)	\$ 5,249,025
2013-14	5,580,843.00	-	648.00	177,266.00	2,756,112.00	269,124.00	3,271,769.00
2012-13	3,449,708	-	373	207,133	1,563,444	252,944	2,346,714
2011-12	2,376,067	-	386	294,076	952,995	(337,610)	1,379,924
2010-11	1,523,413	-	100	251,546	652,031	(290,391)	832,637
2009-10	726,152	-	-	27,204	51,297	(49,641)	652,418
2008-09	64,903	-	-	19,304	30,058	(27,117)	27,032
prior years	155,027	-	-	15,822	17,928	(20,024)	132,897
	-	-	-	-	-	-	-
Totals	\$ 13,876,113	\$ 139,681,035	\$ (3,600,849)	\$ 1,072,112	\$ 136,593,854	\$ (542,141)	\$ 13,892,416

Fund	
General	\$ 1,064,723
Law Enforcement 4-Year Levy	1,772,709
Veterans Home Loan	109,808
Agency	10,945,176
Total	\$ 13,892,416



STATISTICAL SECTION

STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Contents	Page
Financial Trends	83-88
<i>These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.</i>	
Revenue Capacity	89-92
<i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	
Debt Capacity	93-96
<i>These schedules present information to help the reader assess the affordability of the county's current level of outstanding debt and the County's ability to issue debt in the future.</i>	
Demographic and Economic Information	97-99
<i>These schedules present information to help the reader understand the environment within which the county's financial activities take place.</i>	
Operating Information	100-102
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the county's financial report relates to the services the county provides and the activities it performs.</i>	

Linn County
Net Position by Component
Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Primary government activities										
Net investment in capital assets	\$ 151,247	\$ 160,222	\$ 166,879	\$ 170,723	\$ 173,806	\$ 175,712	\$ 176,725	\$ 179,484	\$ 187,332	\$ 192,271
Restricted	4,239	4,723	553	-	-	-	-	-	29,338	31,758
Unrestricted	40,843	36,252	39,634	42,598	38,995	25,003	23,634	22,745	(3,933)	(10,081)
Total Primary government net position	<u>\$ 196,329</u>	<u>\$ 201,197</u>	<u>\$ 207,066</u>	<u>\$ 213,321</u>	<u>\$ 212,801</u>	<u>\$ 200,715</u>	<u>\$ 200,359</u>	<u>\$ 202,229</u>	<u>\$ 212,737</u>	<u>\$ 213,948</u>

Linn County
Changes in Net Position
Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General administration and support	\$ 5,757	\$ 6,730	\$ 6,025	\$ 7,595	\$ 6,569	\$ 6,288	\$ 6,160	\$ 7,066	\$ 5,767	\$ 5,480
Local government services	3,152	3,362	3,389	3,565	3,442	3,199	3,371	3,222	3,217	2,676
Public safety	25,073	26,417	27,628	31,132	32,367	31,306	31,413	29,599	30,427	22,864
Health services	17,974	19,119	15,344	16,502	17,566	18,799	20,247	20,066	20,725	20,536
Community development	6,149	7,101	6,643	7,775	8,269	19,636	6,477	5,552	6,846	6,171
Highways and streets	12,584	9,449	11,604	12,032	12,597	13,019	12,404	10,789	9,606	9,590
Apportionments to school districts	-	2,928	2,851	2,676	2,667	2,321	1,314	1,405	2,000	1,733
Interest on long term debt	113	79	54	24	13	-	-	267	279	-
Total primary government expenses	\$ 70,802	\$ 75,185	\$ 73,538	\$ 81,301	\$ 83,490	\$ 94,568	\$ 81,366	\$ 77,966	\$ 78,867	\$ 69,050
Program Revenues										
Governmental Activities										
Fees, Fines, and Charges for service										
General government	\$ 1,907	\$ 2,046	\$ 1,924	\$ 1,929	\$ 1,944	\$ 1,617	\$ 1,491	\$ 1,826	\$ 1,093	\$ 1,519
Public Safety	3,019	3347	3278	3,647	3,835	3,194	2902	3119	2,466	2,559
Health services	1,322	1591	1501	1,356	1,432	1,191	1185	2820	952	1,021
Roads	2,780	1676	1758	1,335	1,371	1,141	1760	1540	2,735	2,615
Community Development	2,794	2889	2952	2,790	2,647	2,204	2,958	3,223	2,558	3,084
Operating Grants and Contributions	36,323	36822	34830	41,017	34,500	37,367	36,972	32,996	35,718	39,490
Capital Grants and Contributions	677	-	-	-	-	-	-	-	-	-
Total program revenues	\$ 48,822	\$ 48,371	\$ 46,243	\$ 52,074	\$ 45,729	\$ 46,714	\$ 47,268	\$ 45,524	\$ 45,522	\$ 50,288
General Revenue change in Net Position	\$ (21,980)	\$ (26,814)	\$ (27,295)	\$ (29,227)	\$ (37,761)	\$ (47,854)	\$ (34,118)	\$ (32,442)	\$ (33,345)	\$ (18,762)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 19,745	\$ 21,456	\$ 24,644	\$ 25,389	\$ 25,285	\$ 25,137	\$ 26,373	\$ 26,464	\$ 27,561	\$ 30,077
Interest and investment earnings	1,717	2,360	1,930	1,082	479	338	107	117	416	80
Capital contribution	(246)	-	-	-	-	-	-	-	-	-
Loss of sale of capital assets	(483)	(149)	2	-	-	-	-	-	-	-
Unrestricted grants and contributions	7,499	7,367	7,236	9,010	11,478	10,292	7,283	9,952	15,876	12,569
Total primary governmental activities	28,232	31,034	33,812	35,481	37,242	35,767	33,763	36,533	43,853	42,726
Change in Net Position										
Governmental activities	\$ 6,252	\$ 4,220	\$ 6,517	\$ 6,254	\$ (519)	\$ (12,087)	\$ (355)	\$ 4,091	\$ 10,508	\$ 23,964

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

Fiscal Year	Property Taxes	Intergovernmental	Charges for Services	Licenses, Permits and Fines	Interest and Miscellaneous	Total
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
2012	26,341	44,014	6,178	4,118	505	81,156
2013	26,464	42,546	7,517	5,011	518	82,056
2014	27,561	50,827	6,343	4,228	1,249	90,208
2015	29,852	51,291	6,479	4,320	2,290	94,232

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>General fund</u>										
Non spendable										
Committed to										
Interfund loan	\$0	\$0	\$0	\$0	\$0	(\$2,258)	(\$2,629)	(\$4,389)	\$0	\$0
Assigned to										
Unassigned						59	(1,882)	(1,673)	(5,514)	(6,284)
Reserved	0	0	(1,188)	0	(2,720)	0				
Unreserved	2,856	(598)	741	(743)	1,532	0				
Total general fund	2,856	(598)	(447)	(743)	(1,188)	(2,199)	(4,511)	(6,062)	(5,514)	(6,284)
<u>All other governmental funds</u>										
Non spendable										
Inventories						1,452	1,164	1,051	1,299	1,076
Committed to										
Interfund loan						2,258	2,629	4,389	14,613	13,747
Capital Projects						5,419	3,070	2,229	0	0
Restricted for										
Roads						14,010	16,355	20,262	20,318	20,840
Public Safety						(758)	0	57	0	0
Health Services						5,112	6,629	5,079	6,059	8,012
Grants/Minor Funds						1,160	1,467	1,344	1,662	1,831
Assigned to										
Unassigned						(758)	(850)	(15,227)	(16,382)	(15,440)
Reserved	5,232	5,738	2,094	1,580	1,719					
Unreserved, reported in:										
Special revenue funds	36,726	35,719	37,797	42,576	40,026	0				
Capital projects funds	0	0	0	0	0	0				
Undesignated funds	0	0	0	0	0	0				
Total all other governmental funds	\$ 41,958	\$ 41,457	\$ 39,891	\$ 44,156	\$ 41,745	\$ 27,895	\$ 30,464	\$ 19,184	\$ 27,569	\$ 30,066

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 19,966	\$ 21,434	\$ 24,506	\$ 24,961	\$ 25,170	\$ 24,941	\$ 26,341	\$ 26,595	\$ 27,100	\$ 29,853
Licenses and Permits	3,611	3,712	3,049	4,607	4,421	3,739	4,118	4,016	3,959	4,321
Intergovernmental	47,277	45,708	43,082	47,819	45,360	46,771	44,015	42,546	50,827	51,292
Charges for services	5,197	5,342	6,632	6,630	6,631	5,608	6,177	6,025	5,940	6,479
Investment earnings	1,521	2,614	1,889	1,054	487	422	121	480	422	325
Miscellaneous	518	720	909	1,358	727	600	384	212	225	223
Indirect cost reimbursement	-	-	-	-	-	-	-	1,710	1,736	1,739
Total revenues	78,090	79,530	80,067	86,429	82,796	82,081	81,156	81,584	90,209	94,232
Expenditures										
General government (local government)	8,651	9,897	9,025	9,957	9,179	9,039	8,993	8,703	8,250	9,404
Public Safety	24,982	26,451	27,485	30,267	31,908	30,965	30,991	29,155	29,889	29,546
Health Services	17,892	19,023	15,288	16,387	17,419	18,822	20,175	20,043	20,626	24,858
Community development	6,884	7,053	8,343	7,769	7,904	19,663	6,224	6,458	6,395	6,765
Highways and streets	15,404	15,832	16,488	15,905	16,267	15,374	13,959	9,808	8,468	10,745
Apportionments to school districts	3,472	2,928	2,851	2,676	2,667	2,321	1,314	1,406	2,000	1,733
Capital outlay	-	1,450	-	-	-	-	-	4,741	10,242	6,704
Indirect cost allocation	-	-	-	-	-	-	-	1,710	1,736	1,733
Debt service										
Principal	932	840	759	663	295	-	-	-	-	-
Interest	113	79	54	25	13	-	-	267	279	247
Total expenditures	78,330	83,553	80,293	83,649	85,652	96,184	81,856	82,291	87,885	91,735
Excess of revenues over (under) expenditures	(240)	(4,023)	(226)	2,780	(2,856)	(14,103)	(500)	(707)	2,324	2,497
Other financing sources (uses)										
Transfers in	2,796	5,606	6,191	5,547	4,293	3,643	4,046	2,201	1,958	1,982
Transfers out	(2,796)	(5,606)	(6,191)	(5,547)	(4,293)	(3,643)	(4,046)	(2,201)	(1,958)	(1,982)
Refunding Bond issue	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (240)	\$ (4,023)	\$ (226)	\$ 2,780	\$ (2,856)	\$ (14,103)	\$ (500)	\$ (707)	\$ 2,324	\$ 2,497
Debt service as a percentage on noncapital expenditures	1.3%	1.1%	1.0%	0.8%	0.4%	0.0%	0.0%	0.3%	0.3%	0.3%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
2005-2006	\$ 13,045,120	\$ 30,879,890	\$ 3,352,354	\$ 47,277,364	\$ 437
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
2011-2012	10,658,575	29,581,523	3,774,442	44,014,540	375
2012-2013	9,828,607	29,974,876	2,742,715	42,546,198	360
2013-2014	12,168,849	33,017,481	5,640,990	50,827,320	431
2014-2015	10,191,186	35,049,234	6,051,326	51,291,746	429

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

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

Fiscal Year Ended June 30	Real Property	Manufactured Structures	Personal	Utilities	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value	Assessed Value as a Percentage of Actual Value
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%
2012	7,416,487	108,088	228,878	393,791	28,110	8,119,134	4.0436	10,572,478	76.79%
2013	7,639,006	107,561	240,404	396,669	27,141	8,356,499	4.0436	10,815,138	77.27%
2014	7,932,202	108,688	254,054	425,703	30,625	8,690,022	4.2900	11,395,676	76.26%
2015	8,214,875	112,203	275,483	446,542	31,384	9,017,719	4.2936	12,118,178	74.41%

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
Average Property Tax Rates
Direct and Overlapping Governments
Per \$1000 of Assessed value
Last Ten Fiscal Years**

Fiscal Year	Cities				Rural Fire Districts		Schools Districts				Linn-Benton Community College
	Linn County	Albany	Lebanon	Sweet Home	Albany	Lebanon	Albany	(1) Lebanon	Sweet Home	Central Linn	
2006	3.38	7.96	5.36	8.39	2.15	2.26	4.93	7.48	6.62	5.26	0.69
2007	3.39	8.02	5.92	8.11	2.15	2.26	4.89	7.41	6.67	5.00	0.68
2008	3.69	7.86	6.40	8.66	2.15	2.50	6.17	7.17	6.63	5.04	0.67
2009	3.62	7.77	6.25	8.67	2.15	2.49	6.20	7.12	6.58	5.21	0.68
2010	3.61	7.78	6.19	8.66	2.15	2.48	6.23	7.09	6.60	5.06	0.68
2011	4.04	7.51	5.86	8.63	2.15	2.47	6.19	7.25	6.69	4.62	0.68
2012	4.04	7.50	6.18	8.64	2.15	2.48	6.20	7.01	7.00	6.27	0.67
2013	4.04	7.66	5.67	8.64	2.15	2.48	6.31	7.02	7.01	4.62	0.69
2014	4.29	7.59	5.64	8.64	2.15	2.47	6.32	7.08	6.99	4.62	0.68
2015	4.29	7.48	5.47	8.64	2.15	2.47	6.29	6.94	6.96	5.03	0.68

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 component parts.

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

LINN COUNTY
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2015

Principal Taxpayers	Type of Business	2015			2006		
		2014-15 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2005-2006 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fort James Operating Co.	Timber & Forest Products	\$ 114,636	1	1.27%	\$ 141,479	2	2.36%
Pacific Power & Light (PacifiCorp)	Utility	98,006	2	1.08%	56,481	4	0.94%
Lowes HIW Inc	Retail distribution	87,579	3	0.97%			
Wah Chang	Rare Metals	78,791	4	0.87%	49,209	5	0.82%
Centurylink	Communications	73,031	5	0.81%			
Target Corporation	Retail distribution	71,020	6	0.78%			
Weyerhaeuser Company/ Willamette	Timber & Forest Products	65,446	7	0.72%	341,288	1	5.68%
Northwest Natural Gas	Utility	61,762	8	0.68%	37,547	8	4.52%
Cascade Pacific Pulp	Timber & Forest Products	59,830	9	0.66%			
Comcast Corporation	Communications	54,872	10	0.61%			
Timber Services Co. Inc.	Timber & Forest Products				35,462	7	0.59%
Entek Manufacturing Inc.	Plastic Manufacturing						
US West	Communications						
Dayton Hudson Corp	Retail distribution				73,319	3	1.22%
Oregon Freeze Dry Foods Inc	Produce Processing				26,241	10	
Wilmington Trust	Reconstituted Wood Products				40,000	6	0.67%
Oregon Metallurgical Corp	Rare Metals				28,924	9	
Total Principal Taxpayers		<u>764,973</u>		<u>8.45%</u>	<u>829,950</u>		<u>16.80%</u>
Totals		<u>\$ 9,049,105</u>		<u>100%</u>	<u>\$ 6,004,067</u>		<u>100%</u>

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
2006	20,052	19,215	95.83%	834	20,049	99.99%
2007	21,982	20,615	93.78%	1,367	21,982	100.00%
2008	25,089	24,086	96.00%	1,004	25,089	100.00%
2009	25,590	24,387	95.30%	1,203	25,590	100.00%
2010	26,141	25,017	95.70%	1,118	26,135	99.98%
2011	26,995	25,834	95.30%	1,026	26,860	99.50%
2012	27,337	25,486	93.23%	1,678	27,164	99.37%
2013	27,650	26,572	96.61%	792	27,364	98.97%
2014	30,476	29,196	95.80%	794	29,990	98.40%
2015	30,476	29,318	96.20%	480	29,798	97.77%

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.
Summary of Property Tax Collections**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 147,908	\$ 135,579	\$ 141,431	\$ 149,117	\$ 155,722	\$ 154,021	\$ 160,147	\$ 16,269	\$ 173,800	\$ 180,982
Total net debt applicable to limit	1,056	554	12	-	-	-	-	-	-	-
Legal debt margin	\$ 146,852	\$ 135,025	\$ 141,419	\$ 149,117	\$ 155,722	\$ 154,021	\$ 160,147	\$ 16,269	\$ 173,800	\$ 180,982
Total net debt applicable to the limit as a percentage of debt limit	0.71%	0.41%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Estimated Actual Taxable Value	9,049,105
Debt limit (2% of total assessed value)	180,982,100
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net application to limit	-
Legal Debt Margin	<u>\$ 180,982,100</u>

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

June 30,	Population	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Per Capita
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
2012	117,340	As of June 30, 2010 linn County has no Outstanding Debt						
2013	118,035	As of June 30, 2010 linn County has no Outstanding Debt						
2014	118,665	As of June 30, 2010 linn County has no Outstanding Debt						
2015	119,705	As of June 30, 2010 linn County has no Outstanding Debt						

* *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
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	-	-
2009	-	7,455,844	-	0	7,432,229	-	-
2010	-	7,786,117	-	0	7,760,736	-	-
2011	-	8,034,863	-	0	8,007,344	-	-
2012	-	8,147,244	-	0	8,119,134	-	-
2013	-	8,354,695	-	0	8,013,475	-	-
2014	-	8,690,022	-	0	8,690,022	-	-
2015	-	9,049,105	-	0	9,017,720	-	-

LINN COUNTY
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 June 30, 2015

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	-	71.38%
	Brownsville	2,999	100.00%
	Halsey	-	100.00%
	Harrisburg	-	100.00%
	Lebanon	15,245	100.00%
	Mill City	917	74.17%
	Sodaville	27,059	100.00%
	Sweet Home	-	100.00%
Community Colleges:	Chemeketa	87,665	1.00%
	Lane	58,135	1.05%
	Linn-Benton	35,277	46.99%
School Districts:	Corvalli	34,395	2.23%
	Central Linn	-	100.00%
	Eugene	218,820	0.06%
	Lane ESD	-	0.03%
	Greater Albany	14,950	74.22%
	Harrisburg	1,700	89.86%
	Jefferson	-	7.01%
	Lebanon Community	42,990	100.00%
	North Santiam	22,190	19.38%
	Santiam Canyon	-	43.65%
	Scio	2,875	100.00%
	Sweet Home	14,375	100.00%
	Willamette ESD	-	0.73%
Water Districts:	Grand Prairie	674	100.00%
Rural Fire Districts:	Jefferson	-	40.13%
	Brownsville	1,590	100.00%
	Idanha-Detroit	-	5.46%
	Lebanon	2,145	100.00%
	Harrisburg	-	100.00%
	Lyons	-	100.00%
	Stayton	-	11.19%
	Sweet Home Fire/Ambulance	490	100.00%
Total Overlapping		584,491	147,008
	Total Direct and Overlapping	\$ 584,491	\$ 147,008

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
2006	107,920	\$ 2,986,872	\$ 26,916	19,878	6.3	794	641
2007	108,250	3,292,512	29,115	19,163	6.2	942	657
2008	109,320	3,462,515	30,117	(5)	6.5	825	650
2009	110,185	3,345,707	28,842	17,855	15.4	838	660
2010	111,355	3,397,054	29,070	20,094	12.7	823	646
2011	116,672	3,553,431	30,083	(5)	11.4	744	651
2012	117,340	3,667,273	30,984	18,068	10.8	873	662
2013	118,035	(5)	(5)	18,325	9.9	792	603
2014	118,665	(5)	(5)	22,523	8.4	812	605
2015	119,705	(5)	(5)	23,546	7.0	836	635

(1) Portland State Center for Population

(2) Bureau of Economic Analysis

(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

**LINN COUNTY
PRINCIPAL EMPLOYERS
June 30, 2015**

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Samaritan Health Services	1,600	1	4.0%	1,300	1	3.1%
Linn Benton Community College	1,100	2	2.7%	1,012	3	2.4%
Greater Albany Public Schools	1,080	3	2.7%	947	4	2.3%
Allvac Oremet- Wah Chang	949	4	2.4%	1,198	2	2.9%
Target Distribution Center	631	5	1.6%	631	7	1.5%
Linn County	627	6	1.6%	700	5	1.7%
Assurant Solutions	500	7	1.2%			
Oregon Freeze Dry	398	8	1.0%			
City of Albany	390	9	1.0%	333	9	0.8%
National Frozen Foods	350	10	0.9%			
ATI Albany Operations	293	11	0.7%			
Selmet	275	12	0.7%			
ATI Pacific Cast Technologies	260	13	0.6%	303	10	0.7%
Weyerhaeuser Co.				652	6	1.6%
Georgia-Pacific/GP				530	8	1.3%
Smoke-Craft				290	11	0.7%
Totals			<u>14.3%</u>			<u>13.3%</u>
Number of people employed in Linn County			40,270			41,910

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

**Linn County
Employees by Function
Full time equivalent employees as of June 30, 2015**

Function	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Community Development	53	66	65	67	71	69	68	71	72	73
General Administration	39	42	42	36	42	42	43	41	45	52
Health Services	190	176	178	184	187	180	171	174	161	178
Highways and Streets	67	75	73	76	85	84	84	76	76	88
Local Government Service	36	31	31	30	33	38	40	41	41	61
Public Safety	245	232	233	231	258	261	278	272	286	299
Total	630	622	622	624	676	674	684	675	681	751

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 Nine Fiscal Year**

Function	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sheriff									
Jail Bookings	6128	6322	6,144	6,206	5,938	6,574	7,089	7,425	7,779
Highways and streets									
Road surface improvements (miles)	49.45	32	50	46	62	85	57	48	60
Parks									
Picnic shelter rentals	223	212	169	260	190	211	179	168	271
Clerk's Office									
Documents recorded	20442	20878	26,758	24,178	24,964	27,544	29,026	34,314	40,239
Marriage Licenses issued	836	749	792	873	744	823	838	825	942
Registered Voters	64264	62509	63,622	60,738	59,785	58,755	61,607	59,836	57,466
Planning									
Building permits	1333	1353	1,226	1,123	1,198	1,190	1,567	1,794	1,889
Contract Cities	596	497	426	374	364	402	365	668	938
Electrical permits	1505	1335	1,312	1,335	1,199	1,342	1,616	2,167	2,266
Planning permits	642	670	613	519	509	537	642	855	1,212
Health									
Alcohol and Drug clients	769	684	754	876	857	887	858	776	703
Developmentally Disabled clients	1176	842	747	736	724	717	635	620	616
Environmental Health service contacts	1942	2642	2,460	2,742	2,622	2,483	2,615	3,126	2,850
Mental Health clients	5036	4273	4,662	3,857	3,773	3,902	4,487	4,084	3,940
Public Health	15867	13756	12,672	13,251	13,085	13,197	7,713	8,307	6,614
Women, Infants, and children clients	5858	6021	6,052	6,521	6,418	6,285	5,849	5,780	5,780
Fairgrounds									
Willamette building (hours of use)	6176	5550	5,604	5,200	6,196	4,856	1,719	2,206	1,891
Calapooia Arena (hours of use)	1845	2042	1,918	1,995	1,749	2,076	2,772	2,825	2,478
Santiam center (hours of use)	1373	1146	1,203	1,315	1,594	1,388	1,791	2,356	1,507
Cascade livestock building (hours of use)	4107	3793	3,900	3,836	3,500	3,895	1,507	1,474	1,383

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 Nine Fiscal Years

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety									
Police:									
Stations	7	7	7	7	7	7	7	7	7
Patrol Units	55	55	55	55	53	54	53	52	51
Police service dogs	1	1	1	1	1	3	4	4	4
Culture and recreation									
Parks acreage	1364	1364	1360	1360	1360	1360	1200	1202	1202
Parks	24	24	23	23	22	22	22	18	17
Picnic shelters	13	13	13	13	13	13	13	12	10
General Services									
Motor pool vehicles	76	78	78	82	80	83	83	83	80
Roads									
All Public Roads (includes local access (miles)	1153	1153	1153	1153	1153	1154	1,148	1,148	1,148
Bridges	336	336	329	329	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, OREGON

General Government Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Administration	Local Government Services	Public Safety	Health Services	Community Development	Highways and Streets	Education	Capital Outlay	Indirect Cost Allocation	Debt Service	Totals	Portland, Oregon Consumer Index (U) (1982-84)	Per Capita
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	83,648,876	215.3	759.17
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	769.19
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	655.86
2011-2012	5,657,757	3,335,274	30,991,422	20,174,727	6,224,219	13,958,809	1,314,484	-	-	-	81,656,692	226.0	695.90
2012-2013	5,511,126	3,191,808	29,155,216	20,043,224	6,457,929	9,808,537	1,405,596	4,741,212	1,710,610	266,709	82,291,967	231.8	697.18
2013-2014	5,081,149	3,169,212	29,889,155	20,626,039	6,395,095	8,467,424	1,999,835	10,241,664	1,736,315	279,447	87,885,335	233.6	740.62
2014-2015	5,976,827	3,424,956	29,546,251	24,856,327	6,764,848	10,743,588	1,733,163	6,703,094	1,739,461	246,921	91,735,436	242.7	766.35

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

Population based upon the 2013 center for Population Research and Census at Portland State University estimates for Linn County 118,665

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



*AUDIT COMMENTS
& DISCLOSURES*

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2015

12/8/2015, 3:36 PM

<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	7/1/2014	7/1/2015
		Bodily injury by accident - each accident	\$ 500,000		
		Bodily injury by disease - each employee	\$ 500,000		
12LLINC	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	7/1/2014	7/1/2015
12APDLINC	City/County Insurance Services	Comprehensive general liability	\$ 50,000	7/1/2014	7/1/2015
		Automobile - Self-Insured Loss Funds	\$ 50,000	7/1/2014	7/1/2015
12BLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown	\$ 100,000,000	7/1/2014 7/1/2015
12PLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All property coverage Real and Personal (\$10,000 Deductible)	Basic Coverage	\$ 125,181,843	7/1/2014 7/1/2015
			Inland Marine	(incl w/basic coverage)	
			Restoration/Reproduction of books, records, etc.	100,000	
			Electronic Data Restoration/Reproduction	250,000	
			Off Premises	100,000	
			Property in Transit	150,000	
			Pollution Clean-up	25,000	
			Earthquake	5,000,000	
			Flood	5,000,000	
			Revenue and Rental Value	150,000	
			Extra Expense and Rental value	250,000	

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2015

12/8/2015; 3:38 PM

<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>			
12PLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.) Continued	All property coverage						
		Real and Personal (\$10,000 Deductible)	Hired, Rented, or Borrowed Equipment	\$ 150,000	7/1/2014	7/1/2015		
			Crime Coverage	50,000				
			Police Dogs	15,000				
			Personal Property at Unscheduled Locations	15,000				
			Personal Property of Employees or Volunteers	15,000				
			Unscheduled Fine Arts	100,000				
			Miscellaneous Coverage	50,000				
		<hr/>						
		12CLINC	Rhodes-Warden Ins., Inc (National Union Fire Insurance Company of Pitts, PA)	Excess Crime Coverage (Deductible \$10,000)	Employee Theft	\$ 500,000	7/1/2014	7/1/2015
	Forgery or Altercation			500,000				
	Inside Premises-Theft of Money & Securities			500,000				
	Inside Premises-Robbery, Safe Burglary, Other			500,000				
	Outside the Premises			500,000				
	Computer Fraud			500,000				
	Money Orders & Counterfeit Paper Currency			500,000				
	Funds Transfer Fraud			500,000				
	Faithful Performance of Duty (Subject to \$1,000 Deductible)			500,000				
<hr/>								



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November 24, 2015

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Linn County, Oregon, as of and for the year ended June 30, 2015, and have issued our report thereon dated November 24, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the Linn County, Oregon's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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 statements 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **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, 279C).**
- **Schedule of Accountability of Elected Officials**

In connection with our testing nothing came to our attention that caused us to believe the Linn County, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered 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 Linn County, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Linn County, Oregon's internal control over financial reporting.

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



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW



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November 24, 2015

To the Board of County Commissioners
Linn County, Oregon
Albany, Oregon

INDEPENDENT AUDITOR'S 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*

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Linn County, Oregon as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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November 24, 2015

To the Board of County Commissioners
Linn County, Oregon
Albany, Oregon

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

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 the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, Linn County, Oregon, complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C

LINN COUNTY, OREGON
ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued

Unmodified

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 to financial statements noted?

yes no

Any GAGAS audit findings disclosed that are required to be reported
In accordance with section 505(d)(2) of OMB Circular A-133?

FEDERAL AWARDS

LINN COUNTY, OREGON
ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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

yes

no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

10.665

Schools and Roads – Grants to Counties

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$305,736

Auditee qualified as low-risk auditee?

yes

no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE



FEDERAL SINGLE AUDIT

GRANT COMPLIANCE – SINGLE AUDIT

LINN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<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	\$ 7,398
National Lunch Program	10.555	20,013
Forest Service		
<i>Department of Human Resources Health Division:</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	688,962
<i>Department of Administrative Services:</i>		
Schools and Roads – Grants to State		
Federal Forest PL 106-393 Title I	10.665	4,223,119
Federal Forest PL 110-343 Title III	10.665	399,191
Federal Forest Title II	10.665	52,075
Total Department of Agriculture		<u>5,390,758 (1)</u>
<u>Department of the Interior</u>		
Bureau of Land Management		
<i>Direct Programs:</i>		
O & C Grant		536
Bureau of Land Management PL 106-393 Title I	10.665	1,097,871 (1)
Payments in Lieu of Taxes	15.226	186,202
Disribution of Receipts to State and Local Government	15.227	11
Fish and Wildlife Service		
<i>Passed through Oregon Marine Board:</i>		
Clean Vessel Act	15.616	<u>14,960</u>
Total Department of the Interior		<u>\$ 1,299,580</u>

(1) - major program

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	\$ 437
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>		
Office of Victims of Crime	16.575	58,878
Crime Victim Assistance		
Total Department of Justice		<u>59,315</u>
<u>Department of Transportation</u>		
Federal Highway Administration		
<i>Passed through Oregon Department of Transportation:</i>		
Highway Planning and Construction	20.205	1,675,617 (1)
Grants for Other than Urbanized Areas	20.509	117,492
Capital Assistance Program for Elderly Persons	20.513	302,764
Total Department of Transportation		<u>2,095,873</u>
<u>Department of Administrative Services</u>		
<i>Passed through Department of Administrative Services:</i>		
Donation of Federal Surplus Personal Property	39.003	1,766
<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	52,890
DWP EPA-Water Revolving Fund	66.468	27,953
Total Environmental Protection Agency		<u>\$ 80,843</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Department of Health and Human Services</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Office of Population Affairs		
Family Planning - Services	93.217	\$ 46,132
Administration for Children and Families		
Promoting Safe and Stable Families	93.556	15,696
<i>Passed through Oregon Commission on Children and Families:</i>		
Social Services Block Grant	93.667	55,893
Centers for Disease Control		
<i>Passed through Oregon Department of Human Resources Health Division:</i>		
State and Local Health Action funded by Prevention and Public Health Funds	93.757	19,462
Bioterrorism preparedness & response	93.069	103,577
Sodium Reduction in Communities	93.082	9,430
Health Resources and Services Administration		
TB Control and AIDS	93.116	1,142
Collaborative chronic diseases prevention	93.283	39,418
National Bioterrorism Hospital Preparedness Program	93.889	1,768
Assistances Program for Chronic Disease Prevention	93.945	22,212
Maternal and Child Health Services Block Grant to the States	93.994	22,989
Substance Abuse and Mental Health Services Administration		
<i>Passed through Oregon Department of Human Resources Mental Health Division:</i>		
Block Grants for Community Mental Health Services	93.958	83,964
Block Grants for Prevention and Treatment of Substance Abuse	93.959	447,597
Total Department of Health and Human Services		<u>869,280</u>
<u>Department of Homeland Security</u>		
Federal Emergency Management Agency		
<i>Passed through Oregon State Police:</i>		
Boating Safety Financial Assistance	97.012	88,278
Hazaed Mitigation Grant Program	97.039	147,842
Emergency Management Performance Grants	97.042	157,651
Total Department of Homeland Security		<u>393,771</u>
Totals		<u>\$ 10,191,186</u>

LINN COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

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, 2015.

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.

**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
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We care for the County and the United States of America