

Comprehensive Annual Financial Report

Linn County Oregon



Fiscal Year Ending
June 30, 2016



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, 2015

Executive Director/CEO



LINN COUNTY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2016

Prepared by: General Administration – Dave Alderman, Accounting Officer

LINN COUNTY
TABLE OF CONTENTS
Year Ended June 30, 2016

	<u>Page</u>
INTRODUCTORY SECTION	
Certificate of Achievement for Excellence in Financial Reporting -- June 30, 2016	Inside Cover
Transmittal Letter from Administrative Officer and Accounting Officer	i – viii
Organization Chart	ix
Elected Officials, Administrative Officer, and Registered Address	x
FINANCIAL SECTION	
Independent Auditor's Report	A - C
Management's Discussion and Analysis	a - k
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3, 4
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	7
Statements of Revenues, Expenditures and Changes in Fund Balances -Budget (Non GAAP Budgetary Basis) and Actual	
General	8 – 16
General Road	17, 18
Law Enforcement 4-Year Levy	19
Health	20, 21
Veterans Home Loan	22
Proprietary Funds	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Fund Net Position	24
Statement of Cash Flows	25
Statement of Fiduciary Net Position	26
Notes to Basic Financial Statements	27 – 59
Required Supplementary Information	
Infrastructure condition and maintenance data for capital assets reported under the modified approach	60
Other Post Employment Benefits Schedule of Funding Progress	61
Schedule of Proportionate Share of Net Pension Liability	62
Schedule of Pension Contributions	63

TABLE OF CONTENTS (Continued)

Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
County Fair	66
Intentional Blank	67
Law Library	68
General Grants	69, 70
Bike Trails	71
9-1-1 Emergency Communications	72
Corner Preservation	73
Historical Restoration	74
County Forest/Park	75
County School	76
Federal Forest	77
<i>Proprietary Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non GAAP Budgetary Basis) and Actual - Unemployment Insurance	78
<i>Fiduciary Funds:</i>	
Combining Statement of Changes in Assets and Liabilities - Agency Funds	79, 80
<i>Other Schedules:</i>	
Schedule of Accountability for Elected Officials	81
Schedule of Property Tax Transactions	82

STATISTICAL SECTION**Financial Trends**

Net Position by Component	83
Changes in Net Position	84
Governmental Activities Revenues by Source	85
Fund Balances of Governmental Funds	86
Changes in Fund Balances of Governmental Funds	87
Intergovernmental Revenues by Source	88

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property	89
Average Property Tax Rates – Direct and Major Overlapping Governments	90
Principal Property Taxpayers	91
Property Tax Levies and Collections	92

Debt Capacity

Computation of Legal Debt Margin	93
Ratio of Outstanding Debt by Type	94
Ratio of Bonded Debt Outstanding	95
Computation of Direct and Overlapping Governmental Activities Debt	96

Last Ten Fiscal Years

Demographic Statistics	97
Principal Employers	98
Employees by Function	99
Operating Indicators by Function	100
Capital Asset Statistics by Function	101
General Government Expenditures by Function	102

OTHER INFORMATION

Schedule of Insurance and Fidelity Bond Coverages	103,104
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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION.....	105,106
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GRANT COMPLIANCE – SINGLE AUDIT

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	107,108
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	109,110
Schedule of Findings and Questioned Costs	111-113
Schedule of Expenditures of Federal Awards	114-116



INTRODUCTORY SECTION

INTRODUCTION SECTION

- Certificate of Achievement (Inside Cover)
- Letter of Transmittal
- Organization Chart
- Elected and Appointed Officials



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

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

BOARD OF COMMISSIONERS

John K. Lindsey
Roger Nyquist
Will Tucker

RALPH E. WYATT
Administrative Officer

November 9, 2016

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, 2016 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, 2016, 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, 2016 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 2015 - 2016.

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, 2015 population of 120,860. 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 1,105.34 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 64.

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 is almost complete as shown by the County's unemployment rate change - a revised rate of 6.4% for June 2016, down from the 7.2% revised rate for June 2015. The County's unemployment rate has continued to remain higher than the State (4.8%) June 2016 rate. 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 1,590 jobs (June 2015 to June 2016), a 3.5% increase. From February 2008, the pre-recession employment peak, to June 2016, the County is roughly 140 jobs down, or almost back to the peak. Both job sectors are growing with the private-sector producing healthy growth (+4.3%) while public sector showing some growth (1.5%) 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 in use. Employers are experiencing difficulty in hiring qualified worker with local schools adapting to meet the needs. For example, Linn-Benton Community College just opened a new Innovation Center and Heavy Transportation Building at the Advanced Transportation

Technology Center in Lebanon aimed at producing highly qualified technicians. Activity continues to increase in the Planning and Building Department indicating that the housing sector of the economy 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 that have allowed the County to work its way out of the recent recession and get jobs back to the 2008 level. That said, making up the "lost" years will continue 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 first year of the State's FY 2015 – 2017 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 2015 – 2017 Budget was balanced using the more positive revenue forecasts along with savings expected from changes to the public safety, health and retirement systems (with the retirement savings mostly eliminated with a 2014 Oregon Supreme Court decision). 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. The end of Federal "safety net" payments was pushed off but has now ended so revenue will be based on actual Bureau of Land Management and Forest Service sales going forward. 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 recovering from lower property values and Measure 5 compression losses are declining as detailed below.

The County's major source of revenue remains intergovernmental receipts (\$50,392,072; 52.23% of revenue; down 1.75%) with the decrease primarily due to less funding for Federal road projects. 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 with FY 2015-2016 the last year for the "safety net" (Federal Forest Service and Bureau of Land Management Title I, II and III payments; \$4,789,972; 4.97% of revenue; down 17.02%). State-provided funds decreased (\$33,264,502; 34.49% of revenue; down 5.09%) and provided the bulk of the remaining intergovernmental receipts. The decrease in health services was due to a one time payment to mental health of \$2,145,328 in the prior year.

The impacts on County property taxes (\$31,576,592; 32.73%; up 5.77%) 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 continues to improve. 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 (\$19,528,755; 61.8% of the total property taxes). The Law Enforcement Levy's net amount continues to be significantly reduced ("compressed") by 22.29% (\$5,432,606) due to the Measure 5 limitations but is easing with increasing property values. The County's second local option levy is for the Veterans' Home (\$1,284,177; 4.07% 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 (\$11,924,879; 12.36% of revenue; up 10.42%) is continuing 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 and the 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 2015 -2016, the total personnel cost increased by 7.25% due to retirement costs, cost of living adjustments (COLAs) and an increase in the number of employees (health insurance premiums had minimal increases, about a 4% overall). The cost of the County's retirement programs, the Oregon Public Employees Retirement System (PERS) and the Oregon Public Service Retirement Plan (OPSRP), increased effective July 1, 2015 by approximately 1.34% overall. With the new increased rates and more employees, total PERS payments (including the employees' "pick-up" paid by the County) increased \$891,114 (12.5%) over the year. Retirement costs are expected to change significantly with large rate increases (3+% increases applied to salaries for 2017, 2019, 2021 and further?). 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 increases 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 had 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.

A key major property purchase started during audit year, closing in July 2016, which will be important to future County operations. The properties – the Albany Police Station and the Nation Guard Armory land – were purchased from the City of Albany for \$1,750,000. The Police Station abuts the County Jail and the Armory land abuts the Fair Expo complex with both allowing for the future expansion of County activities. Albany is building a new Station and the plan is to lease the existing Station to the State’s local Parole and Probation office after the Albany Police move and the old Station is remodeled. The property adjacent the Jail is also part of a proposed Justice Center project that is on a State priority list and may be approved for partial State funding in the FY 2019 – 2021 Budget.

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. 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.

The Parks Department is using its new lease agreement with the US Army Corps of Engineers and the Bureau of Land Management in the Green Peter/Quartzville areas to construct the first phase of the expansion of the Whitcomb Creek Campground from 39 sites to 92 sites with full completion expected by June 2017. The County has also completed further improvements to the Edgewater RV resort and marina (restroom remodel, ADA sidewalk added, debris boom rebuilt), completed restroom roof and electrical utility line replacements at Lewis Creek Park and a roof replacement at the Historical Museum. The programmed road and bridge improvements by the Road Department upgraded 58.93 miles of road miles of the County’s road system and completed replacement/major repairs to fourteen bridges.

Regarding labor contracts, the County had three labor agreements ending June 30, 2016 and thus up for negotiations. Two contracts have been settled (Service Employees International Union and Juvenile Detention Association) with the Deputy Sheriffs Association contract still in process. Both of the settled contracts are for three years with a 2% COJA each year.

The County is also involved in two major lawsuits with the State of Oregon, one a contractual issue involving the County’s Forcst Trust Lands managed by the State and the other involving a January 1, 2016 new State law mandating paid sick leave and the State’s Constitutional restriction on unfunded mandates. Both lawsuits could have significant fiscal impacts, depending on the legal outcome.

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 – 71.98%; 30 to 90 days – 4.96%; 90 days to 12 months – 13.18%, 12 to 24 months – 5.93% and 24 to 36 months – 3.95%. The average yield on investments for the year was 0.756% compared to an average of 0.70% for the State's Local Government Investment Pool. The County recorded interest revenues of \$310,805 on all County investments in the year ending June 30, 2016. This represents a increase of \$181,650, up 71.10% from the prior year due to lower rates for reinvestments on investments maturing.

Risk Management. For the fiscal year ending June 30, 2016, 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 (6%) 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, 2015 as follows: 18.96% (Tier 1 & 2), 11.6% (OPSRP General Service) and 15.71% (OPSRP Police). The

rates will change again effective July 1, 2017 as follows: 23.15% (Tier 1 & 2), 14.1% (OPSRP General Service) and 18.87% (OPSRP Police) which, overall, will result in an increase of an estimated \$1.32 M in annual cost. The 2017 rates were affected by the Supreme Court decision, the PERS Board's decision to reduce the system's assumed earnings rate to 7.5 percent and an actual earnings rate in 2015 of 2.1 percent. The PERS rate increases would have been larger but rate changes are restricted by a process that "collars" increases. Like 2017, large increases in the County's PERS rates are expected in 2018, 2021 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, 2015. 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,



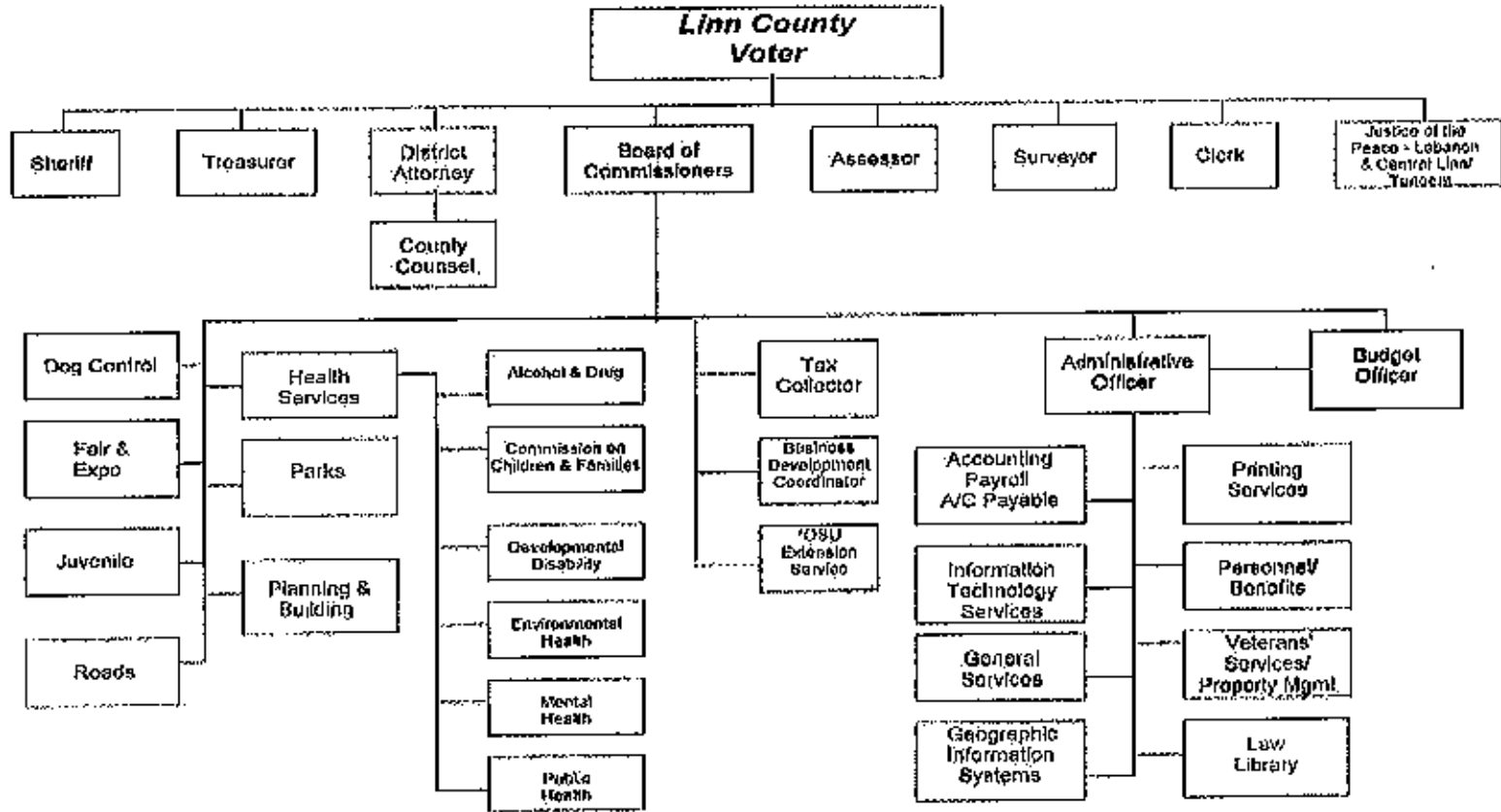
Ralph E. Wyatt
Administrative Officer



David E. Alderman
Accounting Officer



LINN COUNTY, OREGON
Organization Chart



... report extension services to a report 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 9, 2016

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, 2016, 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, 2016 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 Funds, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is 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, and other reports 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 9, 2016 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 9, 2016, 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, 2016. 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 \$192,912,780 (*net position*). Of this amount, (\$23,029,104) (*unrestricted net position*) which is a negative number due to GASB 68 pension reporting requirements, is not available to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$21,035,546 year over year, primarily due to an increase in the pension liability.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$27,903,313 a decrease of \$2,162,579 in comparison with the prior year, with 95.24% of this total amount, \$22,576,250 *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 (\$7,197,339). The negative fund balance is primarily due to interfund debt as follows:

	<u>Amount</u>	<u>Purpose</u>
2006-07	\$ 1,450,000	175 acres of land
2008-09	860,001	Financial software
2009-10	890,000	District Attorney Case Management software, Courthouse elevator improvements, new Assessment and Taxation Software.
2012-13	400,000	Land adjacent to the Linn County jail.
2013-14	1,500,000	Building for Linn County Health Services.
	900,000	Purchase of a marina on Foster Lake.
2014-15	950,000	Building and land for the Linn County 4-H and Extension Service office.
2015-16	1,750,000	Purchase of the Albany police station, and land adjacent to the fair and expo center.
	2,000,000	Sheriff communication system software
	200,000	Upgrade Election software

The current general fund interfund loan balance is \$8,588,593, which is being paid over a ten year period. The combined balance of all the interfund loans is \$15,609,738. Linn County has no general obligation bond debt as of June 30, 2016.

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 as 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 15 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 10 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 59 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 60 of this report. In addition, on page 61-63 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 64 through 77 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 \$192,912,780 the close of the fiscal year.

By far, the largest portion of Linn County's net position (103 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

	2016	2015
Assets		
Current and other assets	\$ 39,724,750	\$ 53,622,524
Capital assets	199,586,921	192,271,083
Deferred Outflows (pension)	5,958,879	-
Total assets and deferred outflows of resources	<u>245,270,550</u>	<u>245,893,607</u>
Liabilities		
Long-term liabilities outstanding	3,431,637	3,230,009
Net Pension Liability	31,119,510	-
Other liabilities	10,220,438	9,873,244
Deferred inflow of resources	<u>7,586,185</u>	<u>18,842,027</u>
Total liabilities and deferred inflows	<u>52,357,770</u>	<u>31,945,280</u>
Net Position		
Net investment in capital assets	199,586,921	192,271,083
Restricted for:		
Highways and Streets	13,839,794	20,840,007
Health Services	1,188,106	9,318,506
Other Restricted	1,327,063	1,600,005
Unrestricted	<u>(23,029,104)</u>	<u>(10,081,275)</u>
Total net position	<u>\$ 192,912,780</u>	<u>\$ 213,948,326</u>

The balance of restricted and *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net position decreased by \$21,035,546 during the current fiscal.

Governmental activities. Governmental activities decreased Linn County's net position by \$21,035,546. Key elements of this decrease are as follows:

Linn County's Changes in Net Position

Governmental Activities

	<u>2016</u>	<u>2015</u>
Revenues		
Program		
Charges for services	\$ 11,924,879	\$ 10,799,699
Operating grants and contributions	37,356,551	39,490,274
General		
Property taxes	31,765,350	30,076,947
Grants and contributions not restricted to specific programs	13,266,810	12,568,940
Other	313,704	79,960
	<u>\$ 94,627,294</u>	<u>\$ 93,015,820</u>
Total revenues		

Linn County's Changes in Net Position

Governmental Activities (continued)

	2016	2015
Expenses		
General government	\$ 8,236,233	\$ 5,480,755
Public safety	46,277,810	22,864,199
Highways/streets	13,380,008	9,589,994
Local government services	4,410,573	2,676,302
Health services	32,142,187	20,535,611
Community development	9,677,310	6,170,919
Apportionment to school districts	1,538,719	1,733,163
	115,662,840	69,050,943
 Total expenses		
	(21,035,546)	23,964,877
Increase (decrease) in net position	213,948,326	212,737,294
Net position - beginning of the year	-	(22,753,845)
Restatement of beginning net position		
Net position - end of the year	\$ 192,912,780	\$ 213,948,326

- Total revenues increased by \$1,611,474 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 assessed property values rising.
- Overall, County-wide expenses increased by \$46,611,897 from the previous year. This increase is somewhat misleading because of the implementation of a new government accounting standard (GASB 68) during 2014-15 fiscal year, which resulted in a reduction of pension expense of \$16,195,726. During the current fiscal year,- the pension expense was \$26,188,697 due to the Moro law-suit decision. (See the notes to the financial statements on pages 49-56 for more detail). This increased pension expense is allocated to each functional category by a percentage of pension contributions made for the year. The change in pension expense between this year and last year is \$42,384,423 and is the primary reason for the large increase in expenses.

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 \$27,903,313; a decrease of \$2,162,579 in comparison with the prior year. Of this total amount, \$41,206,974 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 (\$7,197,339); a decrease of \$912,871 compared with the previous year.

Key factors in this change are as follows:

- Overall revenue in the General Fund increased by \$1,939,443 from \$28,301,496 in 2014-15 to \$30,240,939 in the current year with the mix of revenue categories similar to last year. Most significantly, intergovernmental revenue increased by \$791,125.
- Expenditures in the General Fund increased overall by \$3,199,480 primarily due to increased personnel service costs in the public safety of \$3,197,496 as the re-opening of a jail wing became fully functional.
- As mentioned earlier, the General Fund negative fund balance is a result of a \$8,588,593 interfund loan payable, (Roads Fund, \$7,399,215 for various projects, and the loan payable of \$1,189,378 to Health Services as mentioned earlier). All interfund loans are being repaid over a ten-year period.

Linn County considers four additional funds to be classified as major funds, the General Road Fund, Law Enforcement 4-Year Levy Fund, 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 \$32,179,026 at year end. This balance decreased by \$2,138,210 during the year due to increased in capital road and bridge expenditures.

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 (\$412,240) was smaller than the prior year balance of (\$990,294) by \$578,054 from current operations. The LE Fund property tax revenue increased by \$1,317,543, from \$18,211,212 in 2014-15, to \$ 19,528,755 in 2015-16. The effect on property tax revenue was significantly reduced (\$5,432,606) due to compression of the overall property tax ceiling imposed by Measure 5. Expenditures increased by \$535,776 from \$18,434,274 in 2014-15 to \$18,970,050 in 2015-16 as a result of increased personal service costs.

Health – County health related activities are recorded in the Health Fund. Resources of this fund are from various State of Oregon grants, Title XIX, managed care and transfers from the General Fund. County provided health care services rise and fall as a function of federal and state government fund levels. The ending fund balance of \$8,779,423 represents a decrease of \$578,483 from the prior year. In the current fiscal year, overall revenues decreased by \$400,031 (\$24,593,948 in 2014-15 and \$24,193,917 in 2015-16). In addition, expenditures increased by \$1,987,704 (\$23,754,028 in 2014-15 to \$25,741,732 in 2015-16) due to increased services provide as mentioned above, as well as, increased staffing for mental health care and treatment.

Veteran's Home Loan - (formerly Properties) The cost of transferring funds to the State of Oregon for the construction of a Veteran's 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 \$444,667. This is an increase in net position over last year by \$265,175 primarily due to a positive change in revenues over expenses resulting in an operating income for the period of \$262,276. There was a reduction of unemployment claims of \$85,474 from the prior year. (\$89,080 in 2014-15; \$3,606 in 2015-16).

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$2,657,857 (increase in appropriations) mostly due to an agreement with the City of Albany to share in the improvements and upgrade of the sheriff communications initiative, \$742,157 and the purchase of the Albany Police Station \$1,750,000 once their new building and facility is complete. Actual receipts in the General Fund were \$764,359 less than anticipated and actual expenditures were \$5,746,559 less than appropriations, demonstrating a generally prudent spending policy. Overall Personal services expenditures were \$1,539,996 under budget, and capital improvements were \$2,854,778 under budget due to the Albany Police Station transaction not closing until July 2016. The sheriff communication upgrade is still in process.

Capital Asset and Debt Administration

Capital assets: Linn County's investment in capital assets for its governmental type activities as of June 30, 2016 amounts to \$199,586,921 (net of accumulated depreciation) and include machinery and equipment, park facilities, roads, highways and bridges. Beginning in fiscal 2002-03 the counties infrastructure assets were added to its capital assets, which increased the total capital assets by \$83,990,910 (net of accumulated depreciation). Each year since then, capital assets have increased and most recently in 2008-09 by \$3,181,096; in 2009-2010 by \$2,788,267; 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; in 2014-15 by \$4,939,558 and in the current fiscal year \$7,315,838 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 \$4,639,249 were made for road and bridge improvements during the year.
- As mentioned earlier, the Sheriff Communication project is still in process with current year spending at \$1,586,885 of a budget of \$2,000,000.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2016	2015
Land	\$ 17,476,519	\$ 17,440,608
Buildings and improvements, net	37,178,692	38,008,190
Equipment, net	8,789,507	7,966,425
Infrastructure, net	127,969,885	124,564,898
Intangibles	1,060,581	851,441
Construction in progress	7,111,737	3,439,521
Totals	\$ 199,586,921	\$ 192,271,083

The 2016 Pavement Condition Index (PCI) data indicates a slight drop in overall pavement conditions from the 2014 inspection. The arterial roads weighted average PCI in 2014 was 89.1 and 88.6 in 2016, a slight drop. Collector roads improved by 1.20 (2014 =75.9, 2016=77.1) Residential/local roads decreased by 1.0 (2014=80.8, 2016=79.8). The Road Department anticipates the data may be revised once a quality control check is conducted on the 2018 indicators. The next scheduled pavement inspection cycle is 2018.

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 \$187,800,480.

Economic Factors

- The unemployment rate for Linn County is currently 6.2 percent which is a decrease from a rate of 7.0 percent a year ago. This compares unfavorably to the State's average unemployment rate of 4.8 percent and the National average rate of 4.9 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 2015-2016. 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 \$5,432,606 in property tax revenue collected for the Law Enforcement Levy Fund.
- With 52.23% 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, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 32,062,063
Receivables, net of allowance for doubtful accounts	4,188,497
Due from other governments	2,015,336
Inventories	1,327,063
Investment in joint venture	131,590
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	127,679,753
Other capital assets, net of accumulated depreciation	<u>71,907,168</u>
TOTAL ASSETS	<u>239,311,670</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows (pension)	<u>5,958,879</u>
<u>LIABILITIES</u>	
Accounts payable	1,560,047
Due to other governments	26,349
Payroll, payroll taxes, and benefits payable	6,182,135
Claims liability	90,604
Long-term obligations:	
Due within one year:	
Accumulated compensated absences	2,361,302
Due in more than one year:	
Accumulated compensated absences	1,499,576
Post employment health care benefits	1,932,061
Proportionate Share of Net Pension Liability	<u>31,119,510</u>
TOTAL LIABILITIES	<u>44,771,584</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows (pension)	<u>7,586,185</u>
<u>NET POSITION</u>	
Net invested in capital assets	199,586,921
Restricted for:	
Highways and Streets	13,839,794
Health Services	1,188,106
Other Purposes	1,327,063
Unrestricted	<u>(23,029,104)</u>
TOTAL NET POSITION	<u>\$ 192,912,780</u>
<i>See notes to basic financial statements</i>	

LINN COUNTY

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2016**

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	\$ 8,236,233	\$ 656,837	\$ 360,896	\$ (7,218,500)
Local government services	4,410,573	860,706	565,819	(2,984,048)
Public safety	46,277,810	3,256,836	2,282,834	(40,738,140)
Health services	32,142,187	1,071,980	21,059,128	(10,011,079)
Community development	9,677,310	3,124,803	34,369	(6,518,138)
Highways and streets	13,380,008	2,942,188	11,526,315	1,088,495
Apportionments to school districts	1,538,719	11,529	1,527,190	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 115,662,840	\$ 11,924,879	\$ 37,356,551	(66,381,410)
General Revenues				
Property taxes levied for:				
General purposes				31,765,350
Grants and contributions not restricted to specific programs				13,266,810
Interest and investment earnings				313,704
TOTAL GENERAL REVENUES				45,345,864
CHANGE IN NET POSITION				(21,035,546)
NET POSITION - BEGINNING				213,948,326
NET POSITION - ENDING				\$ 192,912,780

See notes to basic financial statements

LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
ASSETS							
Cash and investments less OS checks	\$ 4,051,784	\$ 17,048,543	\$ 823,589	\$ 7,883,975	\$ -	\$ 1,739,015	\$ 31,546,906
Receivables, net of allowance for doubtful accounts	1,154,123	71,283	1,896,156	905,693	117,098	44,144	4,188,497
Due from other funds	51,119	-	2,750	2,522	-	800	57,191
Due from other governments	78,794	774,240	-	1,107,641	-	54,861	2,015,536
Advances to other funds	-	14,420,360	-	1,189,378	-	-	15,609,738
Inventories	-	1,327,063	-	-	-	-	1,327,063
Investment in joint venture	-	131,590	-	-	-	-	131,590
TOTAL ASSETS	\$ 5,335,821	\$ 33,773,079	\$ 2,722,495	\$ 11,089,209	\$ 117,098	\$ 1,838,820	\$ 54,876,522
LIABILITIES							
Accounts payable	\$ 233,697	\$ 934,158	\$ 101,757	\$ 164,187	\$ -	\$ 126,248	\$ 1,560,047
Due to other funds	23,042	27,300	5,019	20,213	-	4,584	80,158
Due to other governments	5,384	-	17,873	-	-	239	23,496
Advances from other funds	8,588,593	-	-	-	7,021,145	-	15,609,738
Unearned revenue	1,052,305	33,176	-	457,806	-	44,144	1,587,431
Payroll, payroll taxes, and benefits payable	2,630,139	578,077	1,211,689	1,667,580	-	94,651	6,182,136
TOTAL LIABILITIES	\$ 12,533,160	\$ 1,572,711	\$ 1,336,338	\$ 2,309,786	\$ 7,021,145	\$ 269,866	\$ 25,043,006

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	\$ -	\$ 21,342	\$ -	\$ -	\$ -	\$ -	\$ 21,342
Unavailable revenue - property taxes	-	-	1,798,397	-	110,464	-	1,908,861
TOTAL DEFERRED INFLOWS OF RESOURCES	-	21,342	1,798,397	-	110,464	-	1,930,203
<u>FUND BALANCES</u>							
Non spendable:							
Inventories	-	1,327,063	-	-	-	-	1,327,063
Restricted for:							
Roads	-	16,431,603	-	-	-	-	16,431,603
Health Services	-	-	-	7,590,045	-	-	7,590,045
Grants/ minor funds	-	-	-	-	6,634	1,568,954	1,575,588
Committed to:							
Interfund loan commitments	-	14,420,360	-	1,189,378	-	-	15,609,738
Unassigned	(7,197,339)	-	(412,240)	-	(7,021,145)	-	(14,630,724)
TOTAL FUND BALANCES	(7,197,339)	32,179,026	(412,240)	8,779,423	(7,014,511)	1,568,954	27,903,313
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 5,335,821	\$ 33,773,079	\$ 2,722,495	\$ 11,089,209	\$ 117,098	\$ 1,838,820	\$ 54,876,522

See notes to basic financial statements

LINN COUNTY

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

June 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	27,903,313
<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	\$	239,935,990	
Less accumulated depreciation		<u>(40,349,069)</u>	199,586,921
Net pension Liability/Asset not reported in government funds			(31,119,510)
Net deferred pension inflows (outflows) are not payable in the current period and therefore are not reported in the funds.			(1,627,306)
Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds.			(3,860,878)
Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds.			(1,932,061)
Unavailable revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.			3,517,634
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>444,667</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>192,912,780</u>

LINN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
REVENUES							
Property taxes	\$ 10,763,660	\$ -	\$ 19,528,755	\$ -	\$ 1,284,177	\$ -	\$ 31,576,592
Intergovernmental	9,785,550	14,849,102	-	21,480,180	-	4,277,240	50,392,072
Licenses, permits, fines and services	8,047,421	374,751	2,750	2,122,363	-	1,377,594	11,924,879
Interest earnings	93,363	125,417	18,708	58,335	2,658	12,324	310,805
Interest inter fund loan	-	183,845	-	26,925	-	-	210,770
Indirect cost reimbursement	1,550,945	-	-	315,974	-	-	1,866,919
Miscellaneous	-	-	1,373	190,140	-	250	191,763
TOTAL REVENUES	30,240,939	15,533,115	19,551,586	24,193,917	1,286,835	5,667,408	96,473,800
EXPENDITURES							
Current:							
General administration and support	6,312,665	-	-	-	-	-	6,312,665
Local government services	3,308,064	-	-	-	-	-	3,308,064
Public safety	15,221,611	-	18,088,080	-	-	2,036,048	35,345,739
Health services	-	-	-	24,643,028	-	-	24,643,028
Community development	5,402,901	-	-	-	-	2,138,094	7,540,995
Highways and streets	-	11,691,535	-	-	-	-	11,691,535
Apportionments to school districts	-	-	-	-	-	1,538,719	1,538,719
Capital Outlay	315,277	5,497,669	348,699	-	-	16,300	6,177,945
Indirect cost allocation	-	190,583	533,271	1,098,704	-	44,361	1,866,919
Debt service:							
Interest interfund	66,983	-	-	-	143,787	-	210,770
TOTAL EXPENDITURES	30,627,501	17,379,787	18,970,050	25,741,732	143,787	5,773,522	98,636,379
Excess (deficiency) of revenues over expenditures	(386,562)	(1,846,672)	581,536	(1,547,815)	1,143,048	(106,114)	(2,162,579)
OTHER FINANCING SOURCES (USES)							
Transfers in	693,095	-	-	969,332	-	253,353	1,915,780
Transfers out	(1,219,404)	(291,538)	(3,482)	-	-	(401,356)	(1,915,780)
TOTAL OTHER FINANCING SOURCES (USES)	(526,309)	(291,538)	(3,482)	969,332	-	(148,003)	-
Net change in fund balances	(912,871)	(2,138,210)	578,054	(578,483)	1,143,048	(254,117)	(2,162,579)
Fund balances (deficit) at beginning of year	(6,284,468)	34,317,236	(990,294)	9,357,906	(8,157,559)	1,823,071	30,065,892
Fund balances (deficit) at end of year	\$ (7,197,339)	\$ 32,179,026	\$ (412,240)	\$ 8,779,423	\$ (7,014,511)	\$ 1,568,954	\$ 27,903,313

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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$	(2,162,579)
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Governmental funds report capital outlay as expenditures; however in the statement of activities, the cost of those assets is depreciated over their estimated useful lives			
Expenditures for capital assets	\$	9,850,161	
Capital asset deletions net book value		(82,324)	
Less current year depreciation		<u>(2,451,998)</u>	7,315,839
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			(37,598)
Pension Expense/ Income			(26,188,697)
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			(170,080)
Accumulated compensated absences			(57,606)
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>265,175</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			<u><u>\$ (21,035,546)</u></u>

See notes to basic financial statements

LINN COUNTY

GENERAL FUND

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

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

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

LINN COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
Year Ended June 30, 2016

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes				
Current year's levy Includes CATFA, and Severanc	\$ 10,474,063	\$ 10,474,063	\$ 10,445,572	\$ (28,491)
Prior years' levies	380,000	380,000	327,931	(52,069)
Total property taxes	10,854,063	10,854,063	10,773,503	(80,560)
Intergovernmental				
O & C land grant	1,007,000	1,007,000	909,814	(97,186)
Payments in lieu of taxes	170,000	170,000	220,100	50,100
State forest land sales	1,700,000	1,700,000	1,551,370	(148,630)
Amusement tax	24,000	24,000	23,561	(439)
Cigarette tax	115,000	115,000	147,889	32,889
Electric co-op tax	181,000	181,000	195,041	14,041
Liquor tax	617,000	617,000	492,791	(124,209)
Video lottery reimbursement	521,000	521,000	529,896	8,896
Private car tax	3,000	3,000	3,458	458
Assessment and taxation grant	625,000	625,000	565,504	(59,496)
Assessment and taxation contracts	42,000	42,000	15,105	(26,895)
Veterans' officer reimbursement	83,790	83,790	79,069	(4,721)
State prison revenue-corrections	1,450,875	1,450,875	1,492,612	41,737
State prisoner allocation-contract - criminal	1,121,724	1,121,724	1,086,028	(35,696)
Juvenile detention contracts	329,906	329,906	330,906	1,000
Planning contract with cities	150,000	150,000	168,124	18,124
Cities and district contract with Sheriff Support	394,424	1,136,581	1,166,033	29,452
Emergency 911 contract with Sheriff	640,000	640,000	640,000	-
Cities contract with Justice court	25,267	25,267	18,374	(6,893)
Juvenile work crew/ Fed forest title II	38,625	38,625	17,063	(21,562)
Juvenile contract with cities	116,375	116,375	154,785	38,410
Surveyor contracts	3,000	3,000	-	(3,000)
General Services from 4H Extension	55,000	55,000	38,790	(16,210)
GIS grant	5,000	5,000	1,364	(3,636)
Information technology service contracts	29,000	29,000	25,575	(3,425)
Total intergovernmental	9,447,986	10,190,143	9,873,252	(316,891)

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	\$ 5	\$ (45)
Assessment and taxation	94,500	94,500	88,553	(5,947)
Clerk	1,211,399	1,229,399	1,262,804	33,405
Treasurer	2,400	2,400	2,547	147
Surveyor	82,000	82,000	81,247	(753)
Planning	920,500	995,500	1,089,813	94,313
Parks and recreation	1,873,140	1,873,140	1,704,677	(168,463)
Historical	40,000	40,000	12,575	(27,425)
Justice court - Central Linn	675,000	675,000	698,573	23,573
District attorney	150,000	150,000	210,839	60,839
Medical Examiner	46,000	46,000	47,600	1,600
Sheriff				
Corrections	721,736	729,436	494,965	(234,471)
Civil	361,250	361,250	459,865	98,615
Criminal	105,000	105,000	29,985	(75,015)
Dogs	174,300	174,300	166,770	(7,530)
Support	88,980	88,980	28,800	(60,180)
Juvenile	25,900	25,900	34,286	8,386
General administration	50,500	50,500	41,431	(9,069)
Information technology	6,000	6,000	930	(5,070)
General services	26,680	26,680	19,806	(6,874)
Printing	286,824	311,824	290,074	(21,750)
County Counsel	-	-	207	207
Geographic information system	7,000	7,000	-	(7,000)
Expo	1,030,000	1,030,000	1,015,208	(14,792)
Non departmental	143,366	143,366	149,897	6,531
Rcgence and SAIF settlement	158,000	158,000	92,798	(65,202)
Indirect cost reimbursements, net	1,550,939	1,550,939	1,550,945	6
Total licenses, permits, fines and services	9,831,464	9,957,164	9,575,200	(381,964)
Interest earnings	15,000	15,000	30,056	15,056
TOTAL REVENUES	30,148,513	31,016,370	30,252,011	(764,359)

*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	\$ 476,595	\$ 476,595	\$ 474,623	\$ 1,972
Materials and services	9,625	13,625	11,434	2,191
Total Commissioners	486,220	490,220	486,057	4,163
Assessment and Taxation				
Personal services	1,956,055	1,956,055	1,807,658	148,397
Materials and services	219,150	219,150	193,931	25,219
Capital outlay	5	5	-	5
Total Assessment and Taxation	2,175,210	2,175,210	2,001,589	173,621
Clerk				
Personal services	999,112	999,112	876,164	122,948
Materials and services	252,870	252,870	146,749	106,121
Capital outlay	200,000	200,000	190,463	9,537
Total Clerk	1,451,982	1,451,982	1,213,376	238,606
Treasurer				
Personal services	257,041	257,041	255,331	1,710
Materials and services	9,650	9,650	9,386	264
Total Treasurer	266,691	266,691	264,717	1,974
Surveyor				
Personal services	648,775	654,775	653,910	865
Materials and services	13,787	13,787	9,093	4,694
Capital Outlay	1	1	-	1
Total Surveyor	662,563	668,563	663,003	5,560
Veterans' Services				
Personal services	237,815	237,815	235,398	2,417
Materials and services	9,744	9,744	9,622	122
Total Veterans' Services	247,559	247,559	245,020	2,539

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>Original</u>	<u>Budget</u> <u>Original</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Planning and Building				
Personal services	\$ 1,120,586	\$ 1,168,586	\$ 1,057,849	\$ 110,737
Materials and services	76,500	103,500	82,590	20,910
Capital Outlay	25,005	25,005	23,235	1,770
Total Planning and Building	<u>1,222,091</u>	<u>1,297,091</u>	<u>1,163,674</u>	<u>133,417</u>
Parks and Recreation				
Personal services	1,089,187	1,024,187	1,022,576	1,611
Materials and services	514,450	579,450	579,130	320
Capital outlay	168,500	168,500	26,529	141,971
Total Parks and Recreation	<u>1,772,137</u>	<u>1,772,137</u>	<u>1,628,235</u>	<u>143,902</u>
Historical				
Personal services	26,900	22,400	21,178	1,222
Materials and services	21,855	26,355	23,067	3,288
Capital outlay	20,000	20,000	-	20,000
Total Historical	<u>68,755</u>	<u>68,755</u>	<u>44,245</u>	<u>24,510</u>
Sheriff - Support Services				
Personal services	2,452,929	2,452,929	2,308,621	144,308
Materials and services	430,899	430,899	404,631	26,268
Capital outlay	2,000,001	2,742,158	1,935,421	806,737
Total Sheriff - Support Services	<u>4,883,829</u>	<u>5,625,986</u>	<u>4,648,673</u>	<u>977,313</u>
Sheriff - Civil				
Personal services	984,404	974,404	968,772	5,632
Materials and services	33,050	43,050	34,143	8,907
Capital Outlay	1	1	-	1
Total Sheriff - Civil	<u>1,017,455</u>	<u>1,017,455</u>	<u>1,002,915</u>	<u>14,540</u>

*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> Original	<u>Budget</u> Original	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Sheriff - Criminal				
Personal services	\$ 3,729,752	\$ 3,729,752	\$ 3,309,285	\$ 420,467
Materials and services	140,715	140,715	91,609	49,106
Capital Outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Sheriff - Criminal	<u>3,870,468</u>	<u>3,870,468</u>	<u>3,400,894</u>	<u>469,574</u>
Justice Court - Central Linn				
Personal services	591,888	591,888	571,767	20,121
Materials and services	100,650	100,650	100,212	438
Capital outlay	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
Total Justice Court - Central Linn	<u>692,543</u>	<u>692,543</u>	<u>671,979</u>	<u>20,564</u>
District Attorney				
Personal services	<u>897,671</u>	<u>897,671</u>	<u>880,002</u>	<u>17,669</u>
Total District Attorney	<u>897,671</u>	<u>897,671</u>	<u>880,002</u>	<u>17,669</u>
Medical Examiner				
Personal services	144,640	144,640	112,576	32,064
Materials and services	<u>12,000</u>	<u>12,000</u>	<u>6,502</u>	<u>5,498</u>
Total Medical Examiner	<u>156,640</u>	<u>156,640</u>	<u>119,078</u>	<u>37,562</u>
Juvenile				
Personal services	1,072,869	1,072,869	1,058,954	13,915
Materials and services	67,307	67,307	52,892	14,415
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Juvenile	<u>1,145,176</u>	<u>1,145,176</u>	<u>1,111,846</u>	<u>33,330</u>
Sheriff - Corrections				
Personal services	2,884,024	2,759,024	2,481,926	277,098
Materials and services	<u>307,404</u>	<u>440,104</u>	<u>425,695</u>	<u>14,409</u>
Total Sheriff - Corrections	<u>3,191,428</u>	<u>3,199,128</u>	<u>2,907,621</u>	<u>291,507</u>

*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)**

	<u>Budget</u> Original	<u>Budget</u> Original	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Shcriff - Dogs				
Personal services	\$ 492,535	\$ 492,535	\$ 356,826	\$ 135,709
Materials and services	99,206	99,206	71,298	27,908
Capital Outlay	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total Sheriff - Dogs	<u>591,743</u>	<u>591,743</u>	<u>428,124</u>	<u>163,619</u>
General Administration				
Personal services	683,101	683,601	683,223	378
Materials and services	682,414	682,414	656,167	26,247
Capital outlay	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total General Administration	<u>1,365,518</u>	<u>1,366,018</u>	<u>1,339,390</u>	<u>26,628</u>
Information Systems				
Personal services	896,655	907,655	907,069	586
Materials and services	121,111	110,111	105,107	5,004
Capital outlay	<u>33,510</u>	<u>33,510</u>	<u>18,896</u>	<u>14,614</u>
Total Information Systems	<u>1,051,276</u>	<u>1,051,276</u>	<u>1,031,072</u>	<u>20,204</u>
General Services				
Personal services	1,092,044	1,086,044	1,045,988	40,056
Materials and services	915,345	915,345	853,020	62,325
Capital outlay	<u>46,078</u>	<u>52,078</u>	<u>51,932</u>	<u>146</u>
Total General Services	<u>2,053,467</u>	<u>2,053,467</u>	<u>1,950,940</u>	<u>102,527</u>
Printing				
Personal services	257,703	257,703	255,292	2,411
Materials and services	154,460	179,460	171,133	8,327
Capital outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Printing	<u>412,164</u>	<u>437,164</u>	<u>426,425</u>	<u>10,739</u>

*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)				
County Counsel				
Personal services	\$ 456,826	\$ 456,826	\$ 453,246	\$ 3,580
Materials and services	<u>27,762</u>	<u>27,762</u>	<u>16,168</u>	<u>11,594</u>
Total County Counsel	<u>484,588</u>	<u>484,588</u>	<u>469,414</u>	<u>15,174</u>
Geographic System (GIS)				
Personal services	355,551	358,551	358,167	384
Materials and services	54,828	51,828	36,569	15,259
Capital outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Geographic System (GIS)	<u>410,380</u>	<u>410,380</u>	<u>394,736</u>	<u>15,644</u>
Expo				
Personal services	762,446	747,446	713,709	33,737
Materials and services	495,600	510,600	505,011	5,589
Capital Outlay	<u>247,883</u>	<u>247,883</u>	<u>146,881</u>	<u>101,002</u>
Total Expo	<u>1,505,929</u>	<u>1,505,929</u>	<u>1,365,601</u>	<u>140,328</u>
Non-departmental				
Materials and services	706,728	706,728	521,234	185,494
Capital outlay	<u>71,160</u>	<u>1,841,160</u>	<u>87,178</u>	<u>1,753,982</u>
Total Non-departmental	<u>777,888</u>	<u>2,547,888</u>	<u>608,412</u>	<u>1,939,476</u>
Contingency	<u>752,369</u>	<u>721,869</u>	<u>-</u>	<u>721,869</u>
TOTAL EXPENDITURES	<u>33,613,740</u>	<u>36,213,597</u>	<u>30,467,038</u>	<u>5,746,559</u>
Excess (deficiency) of revenues over expenditures	<u>(3,465,227)</u>	<u>(5,197,227)</u>	<u>(215,027)</u>	<u>4,982,200</u>

*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 Original	Budget Original	Actual	Variance
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
Transfer from Roads/sheriff support	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -
Transfer from Roads/clerk	200,000	200,000	193,076	(6,924.00)
From the unemployment fund	200,000	200,000	-	(200,000)
Road funds / Corrections	60,000	60,000	-	(60,000)
Corner Preservation/surveyor	173,301	173,301	133,032	(40,269)
Road funds / Surveyor	325,000	325,000	280,194	(44,806)
Road funds /non department for police station pt	-	1,750,000	1,750,000	-
Road Fund / Juvenile	10,000	10,000	3,250	(6,750)
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	2,500	(27,000)
Road Fund / GIS	30,000	30,000	6,323	(23,677)
Road Fund / Information Technology Service	15,000	15,000	1,771	(13,229)
Law Enforcement Fund Sheriff to ITS	3,000	3,000	3,000	-
Federal Forest/sheriff support	13,540	13,540	13,540	-
Federal Forest/sheriff criminal	184,631	184,631	184,631	-
Federal Forest/sheriff corrections	54,154	54,154	54,154	-
Transfers (to) other funds				
County Fair	(60,000)	(60,000)	(60,000)	-
Corner Preservation/Clerk	(161,000)	(179,000)	(176,016)	2,984
Law Library	(3,800)	(3,800)	(3,838)	(38)
Health Fund - A&D	(87,372)	(87,372)	(87,372)	-
Health Fund -Public	(881,961)	(881,961)	(881,961)	-
To roads fund for loan payment, Assessment and	(68,134)	(68,134)	(68,133)	1
To roads fund for loan payment, parks marina	(101,003)	(101,003)	(101,003)	-
Loan Repayment to Health Fund	(183,774)	(183,774)	(183,773)	1
Loan Repayment	(647,743)	(647,743)	(647,740)	3
TOTAL OTHER FINANCING SOURCES (USES)	3,103,339	4,835,339	2,415,635	(2,419,708)

*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>Original</u>	<u>Budget</u> <u>Original</u>	<u>Actual</u>	<u>Variance</u>
Net change in fund balance	\$ (361,888)	\$ (361,888)	\$ 2,200,608	\$ 2,562,496
Fund balance at beginning of year	<u>361,888</u>	<u>361,888</u>	<u>1,496,928</u>	<u>1,135,040</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>3,697,536</u>	<u>\$ 3,697,536</u>
Reconciliation to GAAP basis				
Year End Cash Adjustment			59,927	
Fair market value adjustment			2,183	
Accounts receivable			46,017	
Adjust for change in workman compensation reserve			292,138	
Property taxes receivable and available			55,801	
Due from other governments and available			78,785	
Due from other funds and available			51,128	
Advance from Roads Fund			(8,588,593)	
Accounts payable			(233,697)	
Due to other governments			(5,384)	
Due to other funds			(23,042)	
Payroll, payroll taxes and benefits payable			<u>(2,630,138)</u>	
Fund balance (GAAP basis) - at end of year			<u>\$ (7,197,335)</u>	

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, 2016

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 8,037,841	\$ 8,037,841	\$ 8,032,190	\$ (5,651)
Federal forest	3,200,000	3,200,000	2,624,954	(575,046)
Intergovernmental	9,955,000	9,955,000	4,593,486	(5,361,514)
Interest earnings	100,000	100,000	100,114	114
Miscellaneous	618,450	618,450	389,981	(228,469)
TOTAL REVENUES	21,911,291	21,911,291	15,740,725	(6,170,566)
EXPENDITURES				
Personal services	7,396,100	7,410,100	6,792,333	617,767
Materials and services	5,620,455	5,620,455	3,975,717	1,644,738
Indirect cost allocation	190,583	190,583	190,583	-
Capital outlay	15,177,500	15,177,500	6,703,180	8,474,320
Contingency	4,000,000	2,036,000	-	2,036,000
Reserve for future years	4,833,501	4,833,501	-	4,833,501
TOTAL EXPENDITURES	37,218,139	35,268,139	17,661,813	17,606,326
Excess (deficiency) of revenues over expenditures	(15,306,848)	(13,356,848)	(1,921,088)	11,435,760
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 / parks Marina	101,003	101,003	101,003	-
General fund / Tangent property	96,049	96,049	96,049	-
General fund /Clerk	-	-	2,612	2,612
Veterans Home Loan	1,329,968	1,329,968	1,287,877	(42,091)
Repayment Jackson Street	90,097	90,097	90,096	(1)
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	(2,000,000)	(2,000,000)	(2,000,000)	-
Loan Advance to General Fund/Police property	-	(1,750,000)	(1,750,000)	-
Loan Advance to General Fund/clerk	-	(200,000)	(193,076)	6,924
General Fund /Surveyor contract	(325,000)	(325,000)	(280,194)	44,806
Juvenile work crew/General Fund	(10,000)	(10,000)	(3,250)	6,750
ITS support/General Fund	(15,000)	(15,000)	(1,771)	13,229
GIS Contract	(30,000)	(30,000)	(6,322)	23,678
Sheriff-Road Crew	(60,000)	(60,000)	-	60,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,293,152)	(4,243,152)	(2,127,248)	2,115,904

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	\$ (17,600,000)	\$ (17,600,000)	\$ (4,048,336)	\$ 13,551,664
Fund balance at beginning of year	<u>17,600,000</u>	<u>17,600,000</u>	<u>21,087,863</u>	<u>3,487,863</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>17,039,527</u>	<u>\$ 17,039,527</u>
Reconciliation to GAAP basis:				
Accounts receivable and available			21,342	
Cash in prest adjustment			350	
Fair value adjustment			8,666	
Due from other governments and available			769,664	
Investment in fuel facility			131,590	
Inventories			1,327,062	
Accounts payable			(365,078)	
Contracts payable			(569,080)	
Due to other funds			(27,300)	
Payroll, payroll taxes and benefits payable			<u>(578,077)</u>	
Total current reconciling items			719,139	
Long-term portion of interfund loan receivable			<u>14,420,360</u>	
Total all reconciling items			<u>15,139,499</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 32,179,026</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, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes:				
Current year's levy	\$ 18,864,602	\$ 18,864,602	\$ 19,012,028	\$ 147,426
Prior year's levy	735,000	735,000	529,073	(205,927)
Total property taxes	19,599,602	19,599,602	19,541,101	(58,501)
Contracts	-	-	1,373	1,373
Interest earnings	10,000	10,000	18,289	8,289
TOTAL REVENUES	<u>19,609,602</u>	<u>19,609,602</u>	<u>19,560,763</u>	<u>(48,839)</u>
EXPENDITURES				
Personal services	15,358,877	15,357,377	14,724,526	632,851
Materials and services	3,307,236	3,308,736	3,283,740	24,996
Indirect cost allocation	533,271	533,271	533,271	-
Capital outlay	419,007	419,007	415,230	3,777
Operating Contingency	62,729	62,729	-	62,729
TOTAL EXPENDITURES	<u>19,681,120</u>	<u>19,681,120</u>	<u>18,956,767</u>	<u>724,353</u>
Excess (deficiency) of revenues over expenditures	<u>(71,518)</u>	<u>(71,518)</u>	<u>603,996</u>	<u>675,514</u>
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(3,482)	(3,482)	(3,482)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,482)</u>	<u>(3,482)</u>	<u>(3,482)</u>	<u>-</u>
Net change in fund balance	(75,000)	(75,000)	600,514	675,514
Fund balance at beginning of year	75,000	75,000	222,657	147,657
Fund balance at end of year	\$ -	\$ -	823,171	\$ 823,171
Reconciliation to GAAP basis:				
Property taxes receivable and available			97,758	
Due from other funds			2,750	
Fair value adjustment			419	
Accounts payable			(101,757)	
Due to other governments			(17,873)	
Due to other funds			(5,019)	
Payroll, payroll taxes and benefits payable			(1,211,689)	
			<u>(412,240)</u>	
Fund balance (GAAP basis) at end of year			\$	
<i>See notes to basic financial statements</i>				

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, 2016

REVENUES	Budget		Actual	Variance
	Original	Final		
Health administration:				
Grants	\$ 384,889	\$ 384,889	\$ 309,878	\$ (75,011)
Managed Care Capitation	5,000	5,000	140,000	135,000
Indirect cost reimbursement	43,162	43,162	43,162	-
Mental health services:				
Grants	2,901,767	2,901,767	3,660,908	759,141
Group home room and board	33,000	33,000	27,696	(7,304)
Title XIX	385,846	385,846	452,433	66,587
Contracts	116,544	116,544	58,308	(58,236)
Managed care	9,412,966	9,412,966	7,616,684	(1,796,282)
Family-PEP	-	-	650,827	650,827
Reimbursements	522,050	522,050	602,624	80,574
Earnings on deposits	21,762	21,762	36,193	14,433
Miscellaneous fees	59,150	59,150	26,463	(32,687)
Developmental disabilities:				
Grants	1,852,711	2,477,620	2,254,101	(223,519)
Earnings on deposits	-	-	5,370	5,370
Alcohol and drug:				
Grants	1,335,871	1,429,621	1,680,711	251,090
Floor and wine tax	121,103	121,103	73,306	(47,797)
Title XIX	165,907	165,907	141,395	(24,512)
Managed care	1,254,426	1,254,426	1,210,008	(44,418)
Reimbursements	81,886	81,886	45,786	(36,100)
Miscellaneous fees	11,958	11,958	12,061	103
Earnings on deposits	1	1	2,382	2,381
Donations/Gifts	-	-	6,045	6,045
Indirect cost reimbursement	71,569	71,569	71,569	-
Public health:				
Grants	1,552,596	1,640,980	1,562,817	(78,163)
Medicaid administration	125,000	125,000	92,256	(32,744)
Title XIX	409,224	409,224	408,335	(889)
Family-PEP	135,000	135,000	113,714	(21,286)
Miscellaneous fees	134,400	134,400	145,571	11,171
Reimbursements	15,500	15,500	24,828	9,328
Earnings on deposits	25	25	496	471
Indirect cost reimbursement	201,249	201,249	201,243	(6)
Information Technology				
Grants	-	318,778	327,503	8,725
Environmental health:				
Grants	100,637	250,637	198,058	(52,579)
Licenses and permits	360,000	360,000	442,893	82,893
Miscellaneous fees	296,000	296,000	318,236	22,236
Earnings on deposits	3,679	3,679	2,004	(1,675)
TOTAL REVENUES	22,116,878	23,392,699	22,965,566	(427,133)

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	\$ 20,738,654	\$ 21,238,456	\$ 19,423,635	\$ 1,914,821
Materials and services	4,515,024	5,761,447	4,740,922	1,024,525
Indirect cost allocation	1,098,704	1,098,704	1,098,704	-
Capital outlay	403,004	557,901	464,074	93,827
Contingency	5,659,931	4,930,630	-	4,930,630
TOTAL EXPENDITURES (1)	32,415,317	33,691,138	25,727,335	7,963,803
Excess (deficiency) of revenues over expenditures	(10,298,439)	(10,298,439)	(2,761,769)	7,536,670
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,153,107	1,133,107	1,153,107	-
Transfers out	-	-	-	-
Net change in fund balance	(9,145,332)	(9,145,332)	(1,608,662)	7,536,670
Fund balance at beginning of year	9,145,332	9,145,332	9,488,234	342,902
Fund balance at end of year	\$ -	\$ -	7,879,572	\$ 7,879,572

Reconciliation to GAAP basis:

Fair market value and cash adjustment	4,403
Accounts receivable (net)	447,887
Due from other governments and available	1,107,641
Due from other funds and available	2,522
Advances to other funds	1,189,378
Accounts payable	(164,187)
Due to other funds	(20,213)
Payroll, payroll taxes and benefits payable	(1,667,580)
Fund balance (GAAP) basis at end of year	\$ 8,779,423

(1) Summary of Expenditures by Program

Health administration	\$ 501,928	\$ 601,929	\$ 391,335	\$ 210,594
Mental - emotional disturbances	14,829,682	15,082,202	13,562,574	1,519,628
Developmental disabilities	2,231,374	3,183,591	2,593,568	590,023
Alcohol and drug	2,905,638	2,999,387	2,873,915	125,472
Public health	3,190,393	3,278,777	3,072,284	206,493
Health Information technology	1,160,011	1,528,262	1,354,029	174,233
Environmental health	837,656	987,656	780,926	206,730
Indirect Cost Allocation	1,098,704	1,098,704	1,098,704	-
Contingency	5,659,931	4,930,630	-	4,930,630
TOTAL EXPENDITURES BY PROGRAM	\$ 32,415,317	\$ 33,691,138	\$ 25,727,335	\$ 7,963,803

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, 2016

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property Tax - Current	\$ 1,290,398	\$ 1,290,398	\$ 1,253,310	\$ (37,088)
Property Tax - Prior	38,570	38,570	31,782	(6,788)
Earnings on deposits	1,000	1,000	2,659	1,659
TOTAL REVENUES	<u>1,329,968</u>	<u>1,329,968</u>	<u>1,287,751</u>	<u>(42,217)</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	1,287,751	42,217
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(1,329,968)</u>	<u>(1,329,968)</u>	<u>(1,287,877)</u>	<u>42,091</u>
Net change in fund balance	-	-	(126)	-
Fund balance at beginning of year	-	-	126	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:				
Property tax receivable			6,634	
Advances from Other Funds			<u>(7,021,145)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ (7,014,511)</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, 2016

	Governmental Activities
	Internal Service
<u>ASSETS</u>	
Cash and investments	\$ 515,157
Due from other funds	22,967
TOTAL ASSETS	538,124
<u>LIABILITIES</u>	
Due to other governments	2,853
Claims liability	90,604
TOTAL LIABILITIES	93,457
<u>NET POSITION</u>	
Unrestricted	\$ 444,667

LINN COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2016**

	Governmental Activities
	<u>Internal Service</u>
OPERATING REVENUES	
Reimbursements	\$ <u>265,882</u>
OPERATING EXPENSES	
Insurance claims	<u>3,606</u>
Operating income	<u>262,276</u>
NONOPERATING REVENUES	
Interest earnings	<u>2,899</u>
Change in net assets	265,175
Total net position - beginning of year	<u>179,492</u>
Total net position - end of year	\$ <u><u>444,667</u></u>

See notes to basic financial statements

LINN COUNTY

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended June 30, 2016**

	Governmental Activities
	Internal Service
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 264,802
Cash paid for insurance claims	(62,317)
Net cash provided (used) by operating activities	202,485
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	2,899
Net cash provided (used) by investing activities	2,899
Net increase in cash and cash equivalents	205,384
Cash and cash equivalents - beginning of year	309,773
Cash and cash equivalents - end of year	\$ 515,157
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 262,276
Decrease (increase) in due from other funds	(1,080)
Increase (decrease) in due to other government	(17,388)
Increase (decrease) in claims liability	(41,323)
Net cash provided by operating activities	\$ 202,485

See notes to basic financial statements

LINN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,903,891
Receivables	12,430,981
Due from other governments	<u>62,815</u>
 TOTAL ASSETS	 \$ <u>14,397,687</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 36,136
Due to other governments	1,146,929
Amounts held in trust	<u>13,214,622</u>
 TOTAL LIABILITIES	 \$ <u>14,397,687</u>

See notes to basic financial statements

**NOTES TO BASIC
FINANCIAL STATEMENTS**

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2016

	<u>Page</u>
1. Summary of Significant Accounting Policies.....	27 - 37
2. Deposits and Investments	38- 41
3. Receivables	42
4. Interfund Receivables and Payables	42
5. Interfund Loans.....	43
6. Interfund Transfers	43
7. Capital Assets	44- 45
8. Due to Other Governments.....	45
9. Long-Term Obligations	46
10. Postemployment Healthcare Benefits	47- 49
11. Retirement Plan.....	49-56
12. Risk Management	56-57
13. Contingencies.....	57
14. Construction Commitments	57
15. Fund Deficits.....	58
16. Jointly Governed Organizations	58

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2016

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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, with the exception of the 911 Emergency Communications Fund (page 72) where no budget numbers were adopted in the Linn County budget.

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.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments (continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016 Net Position of the Linn Regional Fueling Facility (a jointly governed organization) as investment in joint venture. See also Note 16.

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/inflows 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.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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, 2016 the County had the following investments:

Investment	Rating	Maturities	Fair Value Activity Level	Fair Value
State Treasurer's Investment Pool	No rating	N/A	Quoted market price, Level 1	\$ 17,895,478
Corporate bond -Coca Cola	AA	9/1/2016	Quoted market price, Level 1	1,076,658
Corporate bond -US Bancorp	A+	10/16/2016	Quoted market price, Level 1	1,204,508
Corporate bond -RY 1.2	AA+	1/23/2017	Quoted market price, Level 1	500,625
US Agency-FNMA .75	AA+	4/20/2017	Quoted market price, Level 1	500,729
Corporate bond -USB 1.65	A+	5/15/2017	Quoted market price, Level 1	135,548
Corporate bond -USB 1.65	A+	5/15/2017	Quoted market price, Level 1	502,031
Corporate bond -WFC 1.15	A	6/2/2017	Quoted market price, Level 1	499,849
US Agency-FNMA 1.05	AA+	9/5/2017	Quoted market price, Level 1	502,394
US Treasury T-Bond 0.625	AA+	11/30/2017	Quoted market price, Level 1	500,312
US Agency-FHLMC .90	AA+	12/28/2017	Quoted market price, Level 1	370,066
Corporate bond -MRK 1.1	AA	1/31/2018	Quoted market price, Level 1	501,753
Corporate bond -Apple Inc 1.5	AA+	5/3/2018	Quoted market price, Level 1	501,015
US Treasury T-Bond 1.0	AA+	5/31/2018	Quoted market price, Level 1	503,594
Corporate bond -NAB 1.875	AA-	7/23/2018	Quoted market price, Level 1	430,548
Municipal Bond -San Bernadina	AA	8/1/2018	Quoted market price, Level 1	255,467
US Agency-FHLB 1.05	AA+	9/28/2018	Quoted market price, Level 1	500,786
US Agency-FICO	AA+	11/2/2018	Quoted market price, Level 1	487,735
Corporate bond -Shell Intl 1.625	A+	11/10/2018	Quoted market price, Level 1	689,994
US Treasury T-Bond 1.25	AA+	11/15/2018	Quoted market price, Level 1	506,875
Corporate bond -JPM 2.35	A-	1/28/2019	Quoted market price, Level 1	510,855
Corporate bond -CSCO 4.95	A+	2/15/2019	Quoted market price, Level 1	549,552
Corporate bond -PFE 6.2	AA	3/15/2019	Quoted market price, Level 1	564,448
Corporate bond -FHLB 1.25	AA+	6/21/2019	Quoted market price, Level 1	500,822
Municipal Bond -ORSGEN	AA+	4/1/2020	Quoted market price, Level 1	226,509
Municipal Bond -ORSGEN	AA+	5/1/2020	Quoted market price, Level 1	509,595
Total Investments				<u>\$ 30,927,846</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

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

Concentration of Credit Risk: The County does not have a formal policy that places a limit on the amount that may be invested in any one issuer. 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, 2016, the bank balances were \$3,583,239. Of the bank balance, \$ 403,572 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, 2016, are as follows:

Cash on hand	\$ 13,444
Deposits with financial institutions	
Checking and saving accounts	3,024,664
Investments	<u>30,927,846</u>
Total cash and investments – all funds	<u>\$33,965,954</u>

B. Cash and Investments by fund:

<u>Governmental activities</u>	
Governmental funds	
General	\$ 4,051,784
General Road	17,048,543
Law Enforcement 4-Year Levy	823,589
Health	7,883,975
Other governmental funds	<u>1,739,015</u>
Total governmental funds	31,546,906
Proprietary fund	
Internal Service	<u>515,157</u>
Total governmental activities	32,062,063
Fiduciary fund	
Agency	<u>1,903,891</u>
Total cash and investments	<u>\$33,965,954</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

	General	General Roads	Law Enforcement 4-Year Levy	Veterans Home Loan	Health	Non Major Government Funds	Agency	Totals
Property taxes	\$1,101,003	\$ -	\$ 1,894,794	\$ 117,098	\$ -	\$ -	\$ -	\$ 3,112,895
Accounts	46,017	21,342	-	-	2,107,488	42,721	-	2,217,568
Interest	7,103	28,202	1,362	-	13,040	1,423	-	51,130
Assessment	-	21,739	-	-	-	-	-	21,739
Gross Receivable, net	1,154,123	71,283	1,896,156	117,098	2,120,528	44,144	-	5,403,332
Less Allowance for uncollectible	-	-	-	-	(1,214,835)	-	-	(1,214,835)
Receivables, net	\$1,154,123	\$71,283	\$1,896,156	\$ 117,098	\$ 905,693	\$44,144	\$ -	\$ 4,188,497

4. INTERFUND RECEIVABLES AND PAYABLES

Fund	Due from Other Funds	Due to Other Funds
General	\$ 51,119	\$ 23,042
General Road	-	27,300
Law Enforcement 4-Year Levy	2,750	5,019
Health	2,522	20,213
Other governmental funds	800	4,584
Internal service	22,967	-
	<u>\$ 80,158</u>	<u>\$ 80,158</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 \$1,144,090 and interest of \$143,787 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 2014-15 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. In the current year a \$1,750,000 loan between the General Fund and Roads was made to purchase the Albany Police Station. As of June 30, 2016, the combined balance of the interfund loans is \$15,609,738.

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	\$ 693,095	\$ 1,219,404
General Road	-	291,538
Health	969,332	-
Law Enforcement 4-year Levy	-	3,482
Other Government Funds	<u>253,353</u>	<u>401,356</u>
Total	<u>\$ 1,915,780</u>	<u>\$ 1,915,780</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

	Balances June 30, 2015	Additions	Deletions	Balances June 30, 2016
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 17,440,608	\$ 35,911	\$ -	\$ 17,476,519
Infrastructure	101,651,338	1,440,159	-	103,091,497
Construction in progress	<u>3,439,521</u>	<u>6,646,601</u>	<u>2,974,385</u>	<u>7,111,737</u>
Total capital assets not being depreciated	<u>122,531,467</u>	<u>8,122,671</u>	<u>2,974,385</u>	<u>127,679,753</u>
Capital assets being depreciated				
Buildings and improvements	51,392,968	-	-	51,392,968
Intangibles	1,632,618	319,693	-	1,952,311
Equipment	23,909,427	1,800,223	800,442	24,909,208
Infrastructure	<u>31,419,791</u>	<u>2,581,959</u>	<u>-</u>	<u>34,001,750</u>
Total capital assets being depreciated	<u>108,354,804</u>	<u>4,701,875</u>	<u>800,442</u>	<u>112,256,237</u>
Less accumulated depreciation for:				
Buildings and improvements	13,384,778	829,498	-	14,214,276
Intangibles	781,177	110,553	-	891,730
Equipment	15,943,002	894,817	718,118	16,119,701
Infrastructure	<u>8,506,231</u>	<u>617,131</u>	<u>-</u>	<u>9,123,362</u>
Total accumulated depreciation	<u>38,615,188</u>	<u>2,451,999</u>	<u>718,118</u>	<u>40,349,069</u>
Total capital assets, being depreciated, net	<u>69,739,616</u>	<u>2,249,876</u>	<u>82,324</u>	<u>71,907,168</u>
Governmental activities capital assets, net	<u>\$ 192,271,083</u>	<u>\$ 10,372,547</u>	<u>\$ 3,056,709</u>	<u>\$ 199,586,921</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	\$ 187,345
Local government services	51,841
Public safety	494,340
Health services	64,561
Community development	442,280
Highways and streets	<u>1,211,632</u>
Total depreciation expense – governmental activities	<u>\$ 2,451,999</u>

8. DUE TO OTHER GOVERNMENTS

At June 30, 2016 the internal service fund owed the State of Oregon \$2,853. In Addition, Linn County's General Fund and Law Enforcement Fund owed the Regional Fueling Facility \$23,496 for gasoline used in June 2016.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

During the year ended June 30, 2016, the following changes occurred with long-term obligations:

	Balances June 30, 2015	Additions	Reductions	Balances June 30, 2016	Balances Due Within One Year
Accumulated compensated absences	\$3,803,272	\$3,860,878	\$3,803,272	\$3,860,878	\$2,361,302
Totals	\$3,803,272	\$3,860,878	\$3,803,272	\$3,860,878	\$2,361,302

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, 2016, were \$216,260. Future minimum lease payments for the non cancelable leases are as follows.

	Year ending June 30,
2017	\$ 173,008
2018	129,756
2019	86,504
2020	43,252
2021	<u>21,626</u>
Total	<u>\$ 454,146</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. 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.

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:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. POSTEMPLOYMENT HEALTHCARE BENEFIT (Continued)

Fiscal Years Ended	Annual OPEB Cost	Contributions	% of OPEB Cost Contributed	Net OPEB Obligation
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
6/30/2016	432,520	262,440	60.68%	1,932,061

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 \$38,616,194 and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 11.67 %. The County implemented GASB 45 in fiscal 2008-09. A multi-year schedule of funding progress is presented as Required Supplementary Information.

	2012	2013	2014	2015	2016
Annual Required Contribution (ARC)	\$ 454,523	\$ 402,357	\$ 414,427	\$ 416,864	\$ 429,370
Interest on prior year Net OPEB obligation	36,004	45,575	55,266	63,918	70,479
Adjustment to ARC	(34,393)	(43,538)	(52,796)	(61,060)	(67,329)
Annual OPEB cost	456,134	404,394	416,897	419,722	432,520
Implicit benefit payments	(216,829)	(162,115)	(200,632)	(255,670)	(262,440)
Increase in net OPEB obligation	239,305	242,279	216,265	164,052	170,080
Net OPEB obligation - beginning of year	900,080	1,139,385	1,381,664	1,597,929	1,761,981
Net OPEB obligation - end of year	\$1,139,385	\$ 1,381,664	\$ 1,597,929	\$ 1,761,981	\$1,932,061

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. POSTEMPLOYMENT HEALTHCARE BENEFIT (Continued)

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

For the July 1, 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.

11. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (Continued)

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,
- 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. The cap on the COLA will vary based on the amount of the annual benefit.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (Continued)

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.

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 ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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, 2013 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, 2015. Employer contributions for the year ended June 30, 2016 were \$5,830,307 excluding amounts to fund employer specific liabilities.

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

At June 30, 2016, the County reported a liability (asset) of \$ 31,119,510 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, 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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (Continued)

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 June 30, 2015, the County's proportion was .5420 percent, which was the same as its proportion measured as of December 31, 2013. For the year ended June 30, 2016, and the County recognized pension expense of \$(26,188,697).

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.	\$ 1,678,122	\$ -
Changes in Assumptions.	-	-
Net difference between projected and actual earnings on pension plan investments.	-	6,523,355
Changes in proportion share and differences between employer contributions and proportionate share of contributions.	1,513	1,062,830
Subtotal-Amortized Deferrals (see table below)	1,679,635	7,586,185
Contributions subsequent to the measurement date	4,279,244	-
Total deferred outflows/(inflows) of resources	<u>\$ 5,958,879</u>	<u>\$ 7,586,185</u>

\$ (5,906,550) 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)

11. RETIREMENT PLAN (Continued)

<u>Year ended June 30:</u>	
2017	\$ (2,981,525)
2018	(2,981,525)
2019	(2,981,525)
2020	2,965,402
2021	72,623
Thereafter	-
Total	<u>\$ (5,906,550)</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, 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)

11. RETIREMENT PLAN (Continued)

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
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
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-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 (65% for males and 90% for females) of the RP-2000 static 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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2013.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (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 7.75 percent, 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)	\$ 75,105,780	\$ 31,119,510	\$ (5,949,359)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the County for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the County.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (Continued)

Individual Account Program - IAP Plan Description:

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The County makes this contribution on behalf of its employees. The County contributed approximately \$2,171,529 for the year ended June 30, 2016. 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.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

12. 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 \$90,604 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:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. RISK MANAGEMENT (Continued)

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Changes in Estimates</u>	<u>Payments</u>	<u>Ending Liability</u>
2013-14	\$ 115,668	\$ (51,622)	\$ 187,266	\$ 123,200
2014-15	123,200	166,048	89,080	131,928
2015-16	131,928	160,215	62,317	90,604

13. 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.

14. COMMITMENTS

A. Construction commitments Linn County has the following active construction projects as of June 30, 2016.

	<u>Spent to date</u>	<u>Remaining Commitments</u>
Bridge/ Road Improvement	\$ 5,524,852	\$ 16,210,000
Sheriff Communication s	<u>1,586,885</u>	<u>500,000</u>
Totals	\$ <u>7,111,737</u>	\$ <u>16,710,000</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, 2015. All advances must be repaid by May 31, 2016.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. FUND DEFICITS

At June 30, 2016, General Fund had a deficit fund balance of (\$7,197,339). The General Fund has an interfund loan balance with the Roads Fund and the Health Fund of \$8,588,593 as of June 30, 2016, as well as an accrued payroll of \$1,995,758 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, 2016, the Law Enforcement 4-Year Levy Fund had a deficit fund balance of (\$412,240) primarily due to recording the accrued payroll.

At June 30, 2016, the Veterans' Home Loan fund had a deficit fund balance of (\$7,014,511) primarily due to an interfund loan with the Roads Fund. (Discussed in previous notes, and the MD&A)

16. 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 34.6 percent interest in the equity of the Linn Regional Fueling Facility.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Five Years - 2012-2016

Fiscal Year (Ending June 30)					
	2016-16	2014-15	2013-14	2012-13	2011-12
Arterials					
Planned	\$ 481,587	\$ 525,916	\$ 171,790	\$ 160,497	\$ 173,084
Actual	\$ 495,095	\$ 526,678	\$ 169,825	\$ 167,794	\$ 176,957
Collectors					
Planned	\$ 3,878,405	\$ 4,016,998	\$ 3,280,373	\$ 3,084,722	\$ 3,304,689
Actual	\$ 3,781,581	\$ 4,022,816	\$ 3,242,853	\$ 3,013,117	\$ 3,379,038
Local					
Planned	\$ 5,013,088	\$ 5,474,537	\$ 4,728,318	\$ 4,417,480	\$ 4,763,368
Actual	\$ 5,153,701	\$ 5,482,466	\$ 4,874,237	\$ 4,343,096	\$ 4,870,531
Total Planned	\$ 9,173,079	\$ 10,017,451	\$ 8,180,481	\$ 7,642,699	\$ 8,241,121
Total Actual	\$ 9,430,378	\$ 10,031,960	\$ 8,088,916	\$ 7,514,008	\$ 8,426,524
Difference	\$ (257,299)	\$ (14,509)	\$ 93,565	\$ 128,692	\$ (185,404)

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)		
	2016	2014	2012
Arterial	88.6	89.1	71.6
Collector	77.1	75.9	75.4
Residential / Local	79.8	80.8	81.4

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 2016 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 2016. The next scheduled pavement inspection cycle is 2018.

**LINN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

<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 PENSION LIABILITY
For the fiscal year ended June 30, 2016
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
2016	0.5420	\$ 31,119,510	\$ 36,141,418	86.1 %	91.9 %
2015	0.5419	(12,283,908)	33,973,436	(36.2)	103.6
2014	0.5419	27,655,258	32,600,717	84.8	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, 2016
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
2016	\$ 5,830,307	5,830,307	\$ -	\$ 36,141,418	16.13%
2015	5,093,522	\$ 5,093,522	-	33,973,436	14.99%
2014	4,901,413	4,901,413	-	32,600,717	15.03%

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, 2016

	County Fair	Law Library	General Grants	Bike Trails	Comer Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Totals
ASSETS										
Cash and investments	\$ 46,500	\$ 241,052	\$ 860,490	\$ 378,190	\$ 120,271	\$ 17,197	\$ 75,315	\$ -	\$ -	\$ 1,739,015
Receivables, net of allowance for doubtful accounts	-	-	44,144	-	-	-	-	-	-	44,144
Due from other funds	-	-	800	-	-	-	-	-	-	800
Due from other governments	-	-	54,861	-	-	-	-	-	-	54,861
TOTAL ASSETS	\$ 46,500	\$ 241,052	\$ 960,295	\$ 378,190	\$ 120,271	\$ 17,197	\$ 75,315	\$ -	\$ -	\$ 1,838,820
LIABILITIES										
Accounts payable	\$ 11,001	\$ 609	\$ 114,124	\$ -	\$ -	\$ -	\$ 514	\$ -	\$ -	\$ 126,248
Due to other funds	824	7	3,753	-	-	-	-	-	-	4,584
Due to other governments	-	-	239	-	-	-	-	-	-	239
Unearned revenue	-	-	44,144	-	-	-	-	-	-	44,144
Payroll, payroll taxes and benefits payable	-	3,394	91,257	-	-	-	-	-	-	94,651
TOTAL LIABILITIES	11,825	4,010	253,517	-	-	-	514	-	-	269,866
FUND BALANCES										
Restricted for:										
Grants/ minor funds	34,675	237,042	706,778	378,190	120,271	17,197	74,801	-	-	1,568,954
TOTAL FUND BALANCES	34,675	237,042	706,778	378,190	120,271	17,197	74,801	-	-	1,568,954
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,500	\$ 241,052	\$ 960,295	\$ 378,190	\$ 120,271	\$ 17,197	\$ 75,315	\$ -	\$ -	\$ 1,838,820

LINN COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2016

	County Fair	Law Library	General Grants	Bike Trails	9-1-1 Emergency Communi- cations	Comer Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Totals
REVENUES											
Intergovernmental	\$ 53,667	\$ -	\$ 1,513,812	\$ 81,133	\$ 670,525	\$ -	\$ -	\$ 57,517	\$ 1,537,429	\$ 363,157	\$ 4,277,240
Licenses, permits, fines and services	300,433	108,577	955,234	-	-	-	-	13,350	-	-	1,377,594
Interest earnings	-	1,771	5,217	2,280	-	701	157	908	1,290	-	12,324
Miscellaneous	-	-	-	-	-	-	250	-	-	-	250
TOTAL REVENUES	<u>354,100</u>	<u>110,348</u>	<u>2,474,263</u>	<u>83,413</u>	<u>670,525</u>	<u>701</u>	<u>407</u>	<u>71,775</u>	<u>1,538,719</u>	<u>363,157</u>	<u>5,667,408</u>
EXPENDITURES											
Public safety	-	93,660	1,138,361	-	670,525	-	-	-	-	149,802	2,052,348
Community development	481,248	-	1,495,872	-	-	297	7,646	153,031	-	-	2,138,094
Apportionments to school districts	-	-	-	-	-	-	-	-	1,538,719	-	1,538,719
Indirect cost allocation	-	18,455	12,440	-	-	13,466	-	-	-	-	44,361
TOTAL EXPENDITURES	<u>481,248</u>	<u>112,115</u>	<u>2,646,673</u>	<u>-</u>	<u>670,525</u>	<u>13,763</u>	<u>7,646</u>	<u>153,031</u>	<u>1,538,719</u>	<u>149,802</u>	<u>5,773,522</u>
Excess (deficiency) of revenues over expenditures	(127,148)	(1,767)	(172,410)	83,413	-	(13,062)	(7,239)	(81,256)	-	213,355	(106,114)
OTHER FINANCING SOURCES (USES)											
Transfers in	60,000	3,838	13,499	-	-	176,016	-	-	-	-	253,353
Transfers out	-	-	(15,999)	-	-	(133,032)	-	-	-	(252,325)	(401,356)
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>3,838</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>42,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,325)</u>	<u>(148,003)</u>
Net change in fund balances	(67,148)	2,071	(174,910)	83,413	-	29,922	(7,239)	(81,256)	-	(38,970)	(254,117)
Fund balances at beginning of year	101,823	234,971	881,688	294,777	-	90,349	24,436	156,057	-	38,970	1,823,071
Fund balances (deficit) at end of year	\$ 34,675	\$ 237,042	\$ 706,778	\$ 378,190	\$ -	\$ 120,271	\$ 17,197	\$ 74,801	\$ -	\$ -	\$ 1,568,954

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.

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, 2016**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Oregon State Lottery distribution	\$ 51,000	\$ 51,000	\$ 53,667	\$ 2,667
Parking fees	31,000	31,000	27,848	(3,152)
Sponsorship fees	134,000	134,000	90,387	(43,613)
Gate fees, carnival fees, entry fees	100,000	100,000	85,348	(14,652)
Booth revenues, contracts, miscellaneous	<u>100,925</u>	<u>115,925</u>	<u>96,850</u>	<u>(4,075)</u>
TOTAL REVENUES	<u>416,925</u>	<u>431,925</u>	<u>354,100</u>	<u>(62,825)</u>
EXPENDITURES				
Materials and services	<u>459,925</u>	<u>474,925</u>	<u>473,540</u>	<u>1,385</u>
Excess (deficiency) of revenues over expenditures	(43,000)	(43,000)	(119,440)	(76,440)
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>-</u>	<u>27,000</u>
Total other financing sources (uses)	<u>33,000</u>	<u>33,000</u>	<u>60,000</u>	<u>27,000</u>
Net change in fund balance	(10,000)	(10,000)	(59,440)	(49,440)
Fund balance at beginning of year	<u>10,000</u>	<u>10,000</u>	<u>105,940</u>	<u>95,940</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>46,500</u>	<u>\$ 46,500</u>
Reconciliation to GAAP basis:				
Due to other Funds			(824)	
Accounts payable			<u>(11,001)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 34,675</u>	

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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, 2016

	Budget		
	Original/Final	Actual	Variance
REVENUES			
Law library fees	\$ 89,228	\$ 108,519	\$ 19,291
Research and card fees	10	58	48
Interest earnings	900	1,771	871
Miscellaneous	10	-	(10)
TOTAL REVENUES	<u>90,148</u>	<u>110,348</u>	<u>20,200</u>
EXPENDITURES			
Personal services	78,410	50,753	27,657
Materials and services	99,800	45,217	54,583
Indirect cost allocation	18,455	18,455	-
Capital outlay	20,000	-	20,000
Contingency	111,245	-	111,245
TOTAL EXPENDITURES	<u>327,910</u>	<u>114,425</u>	<u>213,485</u>
Excess (deficiency) of revenues over expenditures	(237,762)	(4,077)	233,685
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	3,800	3,838	38
Net change in fund balance	(233,962)	(239)	233,723
Fund balance at beginning of year	<u>233,962</u>	<u>241,291</u>	<u>7,329</u>
Fund balance at end of year	\$ -	241,052	\$ 241,052
Reconciliation to GAAP basis:			
Accounts payable		(609)	
Due to other fund		(7)	
Payroll, payroll taxes and benefits payable		(3,394)	
Fund balance (GAAP basis) at end of year		<u>\$ 237,042</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, 2016

REVENUES	Budget		Actual	Variance
	Original	Final		
Commissioners:				
Commissioners' grants	\$ 320,000	\$ 320,000	\$ 357,780	\$ 37,780
Earnings on deposits	900	900	2,676	1,776
Reimbursements and miscellaneous fees	737,000	737,000	388,332	(348,668)
Parks:				
Rental payments	9,600	9,600	8,800	(800)
Reimbursements	-	-	7,869	7,869
Donations/ Gifts	1,000	1,000	3,205	2,205
Grants	270,000	272,500	-	(272,500)
Earnings on deposits	325	325	310	(15)
Marine gas tax	69,534	69,534	73,512	3,978
RV license fees	420,000	420,000	458,523	38,523
Fair	40,130	40,130	37,992	(2,138)
Sheriff grants- Support	137,857	137,857	133,291	(4,566)
Criminal	206,908	212,408	196,539	(15,869)
Corrections	43,064	43,064	53,442	10,378
District attorney grants	141,867	141,867	129,641	(12,226)
Dog Control donation	15,000	15,000	16,883	1,883
Juvenile:				
Grants	359,834	362,834	305,291	(57,543)
Contracts and Reimbursements	195,687	195,687	113,280	(82,407)
General Administration -Linn Benton Mediation Grant	75,733	75,733	73,800	(1,933)
Earnings on deposit	500	500	932	432
General services Grants	26,001	26,001	21,220	(4,781)
Energy Utility Reimbursement	5,000	5,000	3,116	(1,884)
Fair and Expo	90,020	91,040	34,369	(56,671)
TOTAL REVENUES	3,165,960	3,177,980	2,420,803	(757,177)

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	\$ 1,240,800	\$ 1,240,800	\$ 750,665	\$ 490,135
Veteran's services	9,207	9,207	-	9,207
Parks grants	841,609	844,109	579,467	264,642
Fair	77,130	77,130	26,864	50,266
Sheriff Support	170,676	178,976	164,174	14,802
criminal	320,105	325,605	220,679	104,926
corrections	99,627	176,167	159,690	16,477
Dog Control	45,766	45,766	7,048	38,718
District attorney grants	201,409	201,409	191,955	9,454
Juvenile high risk	446,283	449,283	395,833	53,450
General Administration	105,484	111,746	80,887	30,859
General Services	154,184	154,184	29,915	124,269
Fair and Expo	90,020	91,040	31,683	59,357
Investment Incentive contracts	47,100	47,100	-	47,100
Indirect Cost allocation	12,440	12,440	12,440	-
Contingency/Obligated reserves	127,930	119,630	-	119,630
TOTAL EXPENDITURES	3,989,770	4,084,592	2,651,300	1,433,292
Excess (deficiency) of revenues over expenditures	(823,810)	(906,612)	(230,497)	676,115
OTHER FINANCING SOURCES (USES):				
Transfers in	39,500	39,500	13,499	(26,001)
Transfers out	(42,000)	(42,000)	(15,999)	26,001
Total other financing sources (uses)	(2,500)	(2,500)	(2,500)	-
Net change in fund balance	(826,310)	(909,112)	(232,997)	676,115
Fund balance of beginning of year	826,310	909,112	1,092,850	183,738
Fund balance at end of year	\$ -	\$ -	859,853	\$ 859,853
Reconciliation to GAAP basis:				
FMV adjustment			437	
Adjust Cash			200	
Due from other governments			54,861	
Due from other funds			800	
Accounts payable			(114,124)	
Due to other governments			(239)	
Due to other funds			(3,753)	
Payroll, payroll taxes and benefits payable			(91,257)	
Fund balance (GAAP basis) at end of year			\$ 706,778	

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, 2016

	Budget Original/Final	Actual	Variance
REVENUES			
Motor vehicle apportionments	\$ 81,190	\$ 81,133	\$ (57)
Interest earnings	700	2,280	1,580
	<u>81,890</u>	<u>83,413</u>	<u>1,523</u>
TOTAL REVENUES			
EXPENDITURES			
Capital outlay	381,807	-	381,807
	<u>(299,917)</u>	<u>83,413</u>	<u>383,330</u>
Net change in fund balance	299,917	294,777	(5,140)
Fund balance at beginning of year	<u>\$ -</u>	<u>\$ 378,190</u>	<u>\$ 378,190</u>
Fund balance at end of year			

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, 2016**

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
9-1-1 emergency communications tax	\$ -	\$ 239,142	\$ 239,142
Cities' 9-1-1 emergency communication tax	-	<u>431,383</u>	<u>431,383</u>
TOTAL REVENUES	-	<u>670,525</u>	<u>670,525</u>
EXPENDITURES			
Materials and services	-	<u>670,525</u>	<u>(670,525)</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 BALANCE
 BUDGET (NON GAAP-BUDGETARY BASIS) AND ACTUAL
 CORNER PRESERVATION - SPECIAL REVENUE FUND
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Interest earnings	\$ 600	\$ 600	\$ 701	\$ (101)
TOTAL REVENUES	<u>600</u>	<u>600</u>	<u>701</u>	<u>972</u>
EXPENDITURES				
Materials and services	18,381	18,381	297	18,084
Indirect cost allocation	13,466	13,466	13,466	-
Capital outlay	3	3	-	3
Contingency	13,800	13,800	-	13,800
TOTAL EXPENDITURES	<u>45,650</u>	<u>45,650</u>	<u>13,763</u>	<u>31,887</u>
Excess (deficiency) of revenues over expenditures	(45,050)	(45,050)	(13,062)	31,988
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund - Clerks Office	161,000	161,000	176,016	15,016
Transfer to Surveyor Contract/GIS Contract	(173,301)	(173,301)	(133,032)	40,269
Total other financing sources (uses)	<u>(12,301)</u>	<u>(12,301)</u>	<u>42,984</u>	<u>55,285</u>
Net change in fund balance	(57,351)	(57,351)	29,922	87,273
Fund balance at beginning of year	<u>57,351</u>	<u>57,351</u>	<u>90,349</u>	<u>32,998</u>
Fund balance at end of year	\$ -	\$ -	\$ 120,271	\$ 120,271

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, 2016**

	<u>Budget Original/Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest earnings	\$ 150	\$ 157	\$ 7
Donations and gifts	<u>3,000</u>	<u>250</u>	<u>(2,750)</u>
TOTAL REVENUES	<u>3,150</u>	<u>407</u>	<u>(2,743)</u>
EXPENDITURES			
Material and services	4,552	-	4,552
Capital outlay	<u>28,650</u>	<u>7,646</u>	<u>21,004</u>
TOTAL EXPENDITURES	<u>33,202</u>	<u>7,646</u>	<u>25,556</u>
Net change in fund balance	(30,052)	(7,239)	22,813
Fund balance at beginning of year	<u>30,052</u>	<u>24,436</u>	<u>(5,616)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 17,197</u>	<u>\$ 17,197</u>

LJNN 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 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Firewood sales and U.S.F.S Camp Grounds	\$ -	\$ -	\$ 13,350	\$ 13,350
Timber sales	372,025	372,025	-	(372,025)
Federal projects	-	-	57,517	57,517
Interest earnings	100	100	908	808
TOTAL REVENUES	<u>372,125</u>	<u>372,125</u>	<u>71,775</u>	<u>(300,350)</u>
EXPENDITURES				
Materials and services	28,125	66,125	38,505	27,620
Capital outlay	355,000	355,000	114,223	240,777
TOTAL EXPENDITURES	<u>383,125</u>	<u>421,125</u>	<u>152,728</u>	<u>268,397</u>
Net change in fund balance	(11,000)	(49,000)	(80,953)	(31,953)
Fund balance at beginning of year	11,000	49,000	156,268	107,268
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>75,315</u>	<u>\$ 75,315</u>
Reconciliation to GAAP basis:				
Accounts Payable			(514)	
Fund balance at end of year			<u>\$ 74,801</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, 2016

	Budget Original/Final	Actual	Variance
REVENUES			
State forest land sales	\$ 1,200,000	\$ 559,869	\$ (640,131)
Federal forest land sales	1,000,000	874,985	(125,015)
Private Car Co Tax	5,000	2,580	(2,420)
Electric co-op tax	85,000	97,375	12,375
Miscellaneous fees	300	2,620	2,320
Interest earnings	800	1,290	490
TOTAL REVENUES	<u>2,291,100</u>	<u>1,538,719</u>	<u>(752,381)</u>
EXPENDITURES			
Materials and Services	<u>2,291,100</u>	<u>1,538,719</u>	<u>752,381</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, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Federal Forest	\$ 379,234	\$ 379,234	\$ 363,156	\$ (16,078)
EXPENDITURES				
Materials and services	165,880	165,880	149,801	16,079
Excess (deficiency) of revenues over expenditures	213,354	213,354	213,355	1
OTHER FINANCING SOURCES (USES):				
Transfer out	(252,325)	(252,325)	(252,325)	-
Net change in fund balance	(38,971)	(38,971)	(38,970)	1
Fund balance at beginning of year	38,971	38,971	38,970	(1)
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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, 2016

	Budget		Actual	Variance
	Original Budget	Final		
REVENUES				
Reimbursements	\$ 250,000	\$ 250,000	\$ 264,803	\$ 14,803
Interest earnings	800	800	2,898	2,098
TOTAL REVENUES	<u>250,800</u>	<u>250,800</u>	<u>267,701</u>	<u>16,901</u>
EXPENDITURES				
Program management	2,500	2,500	1,788	712
Claim payments	200,000	200,000	60,530	139,470
Contingency	133,300	133,300	-	133,300
TOTAL EXPENDITURES	<u>335,800</u>	<u>335,800</u>	<u>62,318</u>	<u>273,482</u>
Excess (deficiency) of revenues over expenditures	(85,000)	(85,000)	205,383	(256,581)
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(200,000)	(200,000)	-	200,000
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(285,000)	(285,000)	205,383	490,383
Fund balance at beginning of year	285,000	285,000	309,774	24,774
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	515,157	<u>\$ 515,157</u>
Reconciliation to GAAP basis:				
Due from other funds and available			22,967	
Due to other governments			(2,853)	
Claims liability			(90,604)	
Net position at end of year			<u>\$ 444,667</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, 2016

	Balances June 30, 2015	Additions	Deductions	Balances June 30, 2016
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 706,994	\$ 141,315,619	\$ 141,724,104	\$ 298,509
<u>Liabilities</u>				
Amounts held in trust	\$ 706,994	\$ 141,315,619	\$ 141,724,104	\$ 298,509
Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 259,747	\$ 2,368,805	\$ 2,302,059	\$ 326,493
Accounts receivable	664,212	563,924	664,212	563,924
Total assets	<u>\$ 923,959</u>	<u>\$ 2,932,729</u>	<u>\$ 2,966,271</u>	<u>\$ 890,417</u>
<u>Liabilities</u>				
Due to other governments	\$ 664,212	\$ 563,924	\$ 664,212	\$ 563,924
Amounts held in trust	259,747	2,368,805	2,302,059	326,493
Total liabilities	<u>\$ 923,959</u>	<u>\$ 2,932,729</u>	<u>\$ 2,966,271</u>	<u>\$ 890,417</u>
Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 695,127	\$ 141,315,619	\$ 140,905,888	\$ 1,104,858
Property taxes receivable	10,945,176	11,321,650	10,945,176	11,321,650
Total assets	<u>\$ 11,640,303</u>	<u>\$ 152,637,269</u>	<u>\$ 151,851,064</u>	<u>\$ 12,426,508</u>
<u>Liabilities</u>				
Due to other governments	\$ 664,212	\$ 563,924	\$ 664,212	\$ 563,924
Amounts held in trust	10,976,091	141,315,619	140,429,126	11,862,584
Total liabilities	<u>\$ 11,640,303</u>	<u>\$ 141,879,543</u>	<u>\$ 141,093,338</u>	<u>\$ 12,426,508</u>

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

	Balances June 30, 2015	Additions	Deductions	Balances June 30, 2016
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 109,064	\$ 716,947	\$ 746,187	\$ 79,824
Accounts receivable	516,739	545,406	516,739	545,406
Total assets	<u>\$ 625,803</u>	<u>\$ 1,262,353</u>	<u>\$ 1,262,926</u>	<u>\$ 625,230</u>
<u>Liabilities</u>				
Due to other governments	\$ 19,082	\$ 19,081	\$ 19,082	\$ 19,081
Amounts held in trust	606,721	1,243,272	1,243,844	606,149
Total liabilities	<u>\$ 625,803</u>	<u>\$ 1,262,353</u>	<u>\$ 1,262,926</u>	<u>\$ 625,230</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 89,951	\$ 713,135	\$ 708,878	\$ 94,208
Due from other governments	78,313	62,815	78,313	62,815
Total assets	<u>\$ 168,264</u>	<u>\$ 775,950</u>	<u>\$ 787,191</u>	<u>\$ 157,023</u>
<u>Liabilities</u>				
Accounts payable	\$ 75,341	\$ 36,136	\$ 75,341	\$ 36,136
Amounts held in trust	92,923	739,814	711,850	120,887
Total liabilities	<u>\$ 168,264</u>	<u>\$ 775,950</u>	<u>\$ 787,191</u>	<u>\$ 157,023</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 1,860,883	\$ 286,430,125	\$ 286,387,116	\$ 1,903,892
Property taxes receivable	10,945,176	11,321,650	10,945,176	11,321,650
Accounts receivable	1,180,951	1,109,330	1,180,951	1,109,330
Due from other governments	78,313	62,815	78,313	62,815
Total assets	<u>\$ 14,065,323</u>	<u>\$ 298,923,920</u>	<u>\$ 298,591,556</u>	<u>\$ 14,397,687</u>
<u>Liabilities</u>				
Accounts payable	\$ 75,341	\$ 36,136	\$ 75,341	\$ 36,136
Due to other governments	1,347,506	1,146,929	1,347,506	1,146,929
Amounts held in trust	12,642,476	286,983,129	286,410,983	13,214,622
Total liabilities	<u>\$ 14,065,323</u>	<u>\$ 288,166,194</u>	<u>\$ 287,833,830</u>	<u>\$ 14,397,687</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, 2016

	Assessor	Clerk	Comun- sioners	District Attorney	Justice Courts Central Linn/ Lebanon	Sheriff	Surveyor	Tax Collector	Treasurer	Totals
On hand - June 30, 2015 (1)	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 109,064	\$ -	\$ 50	\$ 650	\$ 36,947,307	\$ 37,060,191
Receipts	669,163	1,626,804	744,129	340,347	979,517	5,531,319	492,721	136,760,609	150,178,447	297,323,056
Turnovers and disbursements:										
To County Treasurer	(669,163)	(1,626,804)	(744,129)	(340,347)	(716,947)	-	(492,721)	(136,760,609)		(141,350,720)
To Others	-	-	-	-	(275,151)	(5,531,319)	-	-	(152,963,245)	(158,769,715)
On hand - June 30, 2016 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 96,483</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 34,162,509</u>	<u>\$ 34,262,812</u>
(1) Consists of:										
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,201,719	16,201,719
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	17,960,222	17,960,222
Due to County Treasurer	-	-	-	-	(66,997)	-	-	-	-	(66,997)
Due to State of Oregon	-	-	-	-	(21,685)	-	-	-	-	(21,685)
Change and revolving funds	870	200	50	2,000	185,164	-	50	650	568	189,552
Totals	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 96,483</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 34,162,509</u>	<u>\$ 34,262,812</u>

LINN COUNTY

SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2016

Tax Year	Receivable 6/30/2015	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable 6/30/2016
2015-16	\$ -	\$ 146,093,564	\$ 3,792,449	\$ 69,435	\$ 136,760,610	\$ (7,814,593)	\$ 5,380,245
2014-15	5,249,025		(200)	158,436	2,125,993	(176,859)	3,104,409
2013-14	3,271,769	0	(62)	181,063	986,309	(225,735)	2,240,726
2012-13	2,346,715	0	(29)	264,005	959,412	(313,107)	1,338,172
2011-12	1,379,924	0	(15)	152,544	414,819	(202,644)	914,990
2010-11	1,644,985	0	0	51,890	68,476	533,598	1,456,003
Totals	\$ 13,892,418	\$ 146,093,564	\$ 3,792,143	\$ 877,373	\$ 141,315,619	\$ (8,199,340)	\$ 14,434,545

Fund	
General	\$ 1,101,003
Law Enforcement 4-Year Levy	1,894,794
Veterans Home Loan	117,098
Agency	11,321,650
Total	\$ 14,434,545



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.

	Page
Contents	
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>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>	<u>2016</u>
Primary government activities										
Net investment in capital assets	\$ 180,222	\$ 188,879	\$ 170,723	\$ 173,808	\$ 175,712	\$ 176,725	\$ 179,484	\$ 187,352	\$ 192,271	\$ 199,587
Restricted	4,723	553	-	-	-	-	-	29,338	31,758	18356
Unrestricted	36,252	39,634	42,598	38,895	25,003	23,634	22,745	(3,833)	(10,081)	(23,028)
Total Primary government net position	<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>	<u>\$ 192,913</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General administration and support	\$ 6,730	\$ 6,026	\$ 7,596	\$ 6,569	\$ 6,266	\$ 6,160	\$ 7,066	\$ 6,767	\$ 6,480	\$ 6,236
Local government services	3,362	3,369	3,565	3,442	3,199	3,371	3,222	3,217	2,876	4,411
Public safety	26,417	27,628	31,132	32,967	31,306	31,413	28,599	30,427	22,864	46,276
Health services	19,119	16,344	16,502	17,568	16,799	20,247	20,066	20,725	20,538	32,142
Community development	7,101	6,643	7,776	8,269	10,836	8,477	6,652	6,646	6,171	9,677
Highways and streets	9,449	11,604	12,032	12,697	13,019	12,404	10,799	9,606	9,590	13,380
Appointments to school districts	2,926	2,051	2,676	2,667	2,321	1,314	1,406	2,000	1,733	1,599
Interest on long term debt	79	54	24	13	-	-	267	279	-	-
Total primary government expenses	\$ 76,165	\$ 73,538	\$ 81,301	\$ 83,490	\$ 94,568	\$ 81,366	\$ 77,968	\$ 76,867	\$ 69,050	\$ 115,653
Program Revenues										
Governmental Activities										
Fees, Fines, and Charges for service										
General government	\$ 2,048	\$ 1,924	\$ 1,929	\$ 1,844	\$ 1,817	\$ 1,491	\$ 1,826	\$ 1,093	\$ 1,619	\$ 1,529
Public Safety	3347	3278	3,647	3,835	3,194	2902	3119	2,486	2,559	3,257
Health services	1591	1501	1,356	1,432	1,191	1185	2820	852	1,021	1,072
Roads	1676	1768	1,335	1,371	1,141	1760	1540	2,735	2,616	2,942
Community Development	2889	2952	2,790	2,647	2,204	2,958	3,223	2,558	3,084	3,126
Operating Grants and Contributions	36822	34830	41,017	34,600	37,367	36,972	32,896	35,716	39,490	37,367
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total program revenues	\$ 48,371	\$ 46,243	\$ 52,074	\$ 46,728	\$ 46,714	\$ 47,288	\$ 46,524	\$ 45,522	\$ 50,268	\$ 49,282
General Revenue change in Net Position	\$ (26,814)	\$ (27,295)	\$ (29,227)	\$ (37,761)	\$ (47,854)	\$ (34,118)	\$ (32,442)	\$ (33,345)	\$ (18,782)	\$ (66,381)
General Revenues and Other Changes In Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 21,456	\$ 24,644	\$ 25,389	\$ 26,285	\$ 25,137	\$ 26,373	\$ 26,464	\$ 27,581	\$ 30,077	\$ 31,785
Interest and Investment earnings	2,360	1,930	1,082	479	338	107	117	416	80	314
Capital contribution	-	-	-	-	-	-	-	-	-	-
Loss of sale of capital assets	(149)	2	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	7,367	7,236	9,010	11,478	10,292	7,283	6,952	16,876	12,569	13,267
Total primary governmental activities	31,034	33,612	35,481	37,242	36,767	33,763	36,533	43,853	42,726	45,346
Change in Net Position	\$ 4,220	\$ 6,517	\$ 6,254	\$ (519)	\$ (12,087)	\$ (355)	\$ 4,091	\$ 10,508	\$ 23,984	\$ (21,035)
Governmental activities										

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Licenses, Permits and Fines</u>	<u>Interest and Miscellaneous</u>	<u>Total</u>
2007	\$ 21,434	\$ 45,707	\$ 5,342	\$ 3,712	\$ 3,336	\$ 79,531
2008	24,644	43,082	5,712	3,820	2,797	80,056
2009	24,968	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	1249	90,208
2015	29,852	51,291	6,479	4,320	2280	94,232
2016	31,577	50,392	7,155	4,770	2580	96,474

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Non spendable										
Committed to										
Interfund loan										
Assigned to										
Unassigned	\$ (598)	\$ (447)	\$ (743)	\$ (1,188)	\$ (2,199)	\$ (4,511)	\$ (8,062)	\$ (5,514)	\$ (6,284)	\$ (7,197)
Total general fund	<u>(598)</u>	<u>(447)</u>	<u>(743)</u>	<u>(1,188)</u>	<u>(2,199)</u>	<u>(4,511)</u>	<u>(8,062)</u>	<u>(5,514)</u>	<u>(6,284)</u>	<u>(7,197)</u>
All other governmental funds										
Non spendable										
Inventories	1,015	1,541	1,580	1,719	1,452	1,164	1,051	1,299	1,076	1,327
Committed to										
Interfund loan	2,912	1,920	1,774	2,787	2,258	2,829	14,582	14,813	13,747	15,810
Capital Projects					5,419	3,070	2,229	0	0	0
Restricted for										
Roads	33,743	33,702	36,387	32,444	14,010	16,355	18,033	20,318	20,840	16,432
Public Safety						0	57	0	0	0
Health Services	2,151	2,181	2,871	3,748	6,112	6,629	5,079	6,059	8,012	7,590
Grants/Minor Funds	2,204	2,453	2,046	1,449	1,160	1,467	1,344	1,682	1,831	1,575
Assigned to										
Unassigned	(568)	(718)	(303)	(403)	(758)	(850)	(11,088)	(10,868)	(9,156)	(7,434)
Total all other governmental funds	<u>\$ 41,457</u>	<u>\$ 41,079</u>	<u>\$ 44,155</u>	<u>\$ 41,744</u>	<u>\$ 28,653</u>	<u>\$ 30,484</u>	<u>\$ 31,307</u>	<u>\$ 33,083</u>	<u>\$ 36,350</u>	<u>\$ 35,100</u>

*** GASB 54 was implemented in FY 2010-11 requiring new fund balance categories. Prior years have been restated to meet the new provisions of GASB Statement 54 fund balance categories.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 21,434	\$ 24,508	\$ 24,981	\$ 25,170	\$ 24,941	\$ 26,341	\$ 26,595	\$ 27,100	\$ 29,853	\$ 31,577
Licenses and Permits	3,712	3,049	4,607	4,421	3,739	4,118	4,016	3,959	4,321	4,770
Intergovernmental	45,708	43,082	47,819	45,360	46,771	44,015	42,546	50,827	61,292	50,393
Charges for services	5,342	6,632	6,830	6,631	6,608	6,177	6,025	6,940	6,478	7,155
Investment earnings	2,614	1,889	1,054	487	422	121	480	422	325	521
Miscellaneous	720	909	1,358	727	600	384	212	225	223	192
Indirect cost reimbursement	-	-	-	-	-	-	1,710	1,736	1,739	1,866
Total revenues	79,530	80,067	86,429	82,786	82,081	81,156	81,584	80,209	94,232	96,474
Expenditures										
General government (local government)	9,897	9,025	9,957	9,179	9,039	8,993	8,703	8,250	9,404	9,621
Public Safety	26,451	27,465	30,267	31,908	30,865	30,991	29,155	29,889	29,546	35,346
Health Services	19,023	15,288	16,387	17,419	18,822	20,175	20,043	20,626	24,858	24,643
Community development	7,053	8,343	7,769	7,904	10,663	8,224	6,458	6,395	8,765	7,541
Highways and streets	15,832	16,466	15,905	16,267	15,374	13,959	9,808	8,468	10,745	11,691
Apportionments to school districts	2,928	2,851	2,676	2,667	2,321	1,314	1,406	2,000	1,733	1,539
Capital outlay	1,450	-	-	-	-	-	4,741	10,242	6,704	6,178
Indirect cost allocation	-	-	-	-	-	-	1,710	1,736	1,733	1,866
Debt service										
Principal	840	759	663	295	-	-	-	-	-	-
Interest	79	54	26	13	-	-	267	279	247	211
Total expenditures	83,553	80,293	83,849	85,652	96,184	81,656	82,291	87,885	91,735	98,636
Excess of revenues over (under) expenditures	(4,023)	(226)	2,780	(2,856)	(14,103)	(500)	(707)	2,324	2,497	(2,162)
Other financing sources (uses)										
Transfers in	5,606	6,191	5,547	4,293	3,643	4,046	2,201	1,958	1,982	1,915
Transfers out	(5,606)	(6,191)	(5,547)	(4,293)	(3,643)	(4,046)	(2,201)	(1,958)	(1,982)	(1,915)
Refunding Bond Issue	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (4,023)	\$ (226)	\$ 2,780	\$ (2,856)	\$ (14,103)	\$ (500)	\$ (707)	\$ 2,324	\$ 2,497	\$ (2,162)
Debt service as a percentage on noncapital expenditures	1.1%	1.0%	0.8%	0.4%	0.0%	0.0%	0.3%	0.3%	0.3%	0.2%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
2006-2007	\$ 13,252,452	\$ 29,088,336	\$ 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
2015-2016	9,418,795	33,264,502	7,708,775	50,392,072	422

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	Lees Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value	Assessed Value as a Percentage of Actual Value
2007	\$ 6,242,993	\$ 116,989	\$ 227,964	\$ 233,953	\$ 21,489	\$ 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	3.8927	10,398,773	68.22%
2009	6,843,926	113,772	252,789	245,358	23,505	7,432,340	3.8232	10,710,762	69.39%
2010	7,110,783	114,486	254,022	306,826	25,380	7,780,737	3.8100	12,381,268	62.86%
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	228,876	393,791	28,110	8,119,134	4.0436	10,572,478	76.79%
2013	7,639,006	107,561	240,404	396,689	27,141	8,356,499	4.0436	10,815,136	77.27%
2014	7,932,202	108,888	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	12,118,176	74.41%
2016	8,643,774	121,034	296,402	460,848	32,034	9,390,024	4.2936	13,241,005	70.92%

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 80 percent of the property's real market value in the 1996-98 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	
	Linn County	Albany	Lebanon	Sweet Home	Albany	Lebanon	Albany	(1) Lebanon	Sweet Home	Central Linn	Community College
2007	3.39	8.02	5.92	8.11	2.15	2.26	4.89	7.41	6.67	5.00	0.68
2008	3.89	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	8.68	2.15	2.48	6.23	7.08	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
2016	4.29	7.51	5.30	10.43	2.15	2.46	6.08	7.02	6.94	4.62	0.68

1) Includes Union High School District

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

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

LINN COUNTY
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2016

Principal Taxpayers	Type of Business	2016		2007		Percentage of Total Taxable Assessed Value	Percentage of Total Taxable Assessed Value
		2015-16 Taxable Assessed Value	Rank	2006-07 Taxable Assessed Value	Rank		
Fort James Operating Co.	Timber & Forest Products	\$ 108,553	1	\$ 145,541	2	1.13%	2.30%
Pacific Power & Light (Pacficorp)	Utility	104,058	2	60,925	4	1.11%	1.00%
Lowes HIW Inc	Retail distribution	93,232	4			0.99%	
Wah Chang	Rare Metals	101,776	3	53,385	5	1.08%	0.80%
Centurylink	Communications	72,792	5			0.78%	
Target Corporation	Retail distribution	70,637	6	74,892	3	0.75%	1.20%
Weyerhaeuser Company/ Willamette	Timber & Forest Products	65,101	7	363,299	1	0.69%	5.70%
Northwest Natural Gas	Utility	61,820	8	36,682	8	0.66%	0.60%
Comcast Corporation	Communications	56,205	9			0.80%	
Entek Manufacturing Inc.	Plastic Manufacturing	34,877	10	39,415	7		0.60%
Oregon Freeze Dry Foods Inc	Produce Processing			27,932	10		0.40%
Pope & Talbot	Reconstituted Wood Products			48,661	6		0.80%
Oregon Metallurgical Corp	Rare Metals			28,444	9		0.40%
Total Principal Taxpayers		768,951		679,176		7.80%	13.80%
Totals		\$ 9,390,023		\$ 6,800,430		100%	100%

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

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,124	26,141	100.00%
2011	26,895	25,834	95.30%	1,155	26,889	99.98%
2012	27,337	25,486	93.23%	1,716	27,202	99.51%
2013	27,650	26,572	96.61%	906	27,477	99.38%
2014	30,476	29,196	95.80%	894	30,190	99.06%
2015	30,476	29,318	96.20%	672	29,990	98.40%
2016	32,523	31,320	96.30%	-	31,320	96.30%

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 135,579	\$ 141,431	\$ 149,117	\$ 155,722	\$ 154,021	\$ 160,147	\$ 16,269	\$ 173,800	\$ 180,982	\$ 187,800
Total net debt applicable to limit	654	12	-	-	-	-	-	-	-	-
Legal debt margin	\$ 135,025	\$ 141,419	\$ 149,117	\$ 155,722	\$ 164,021	\$ 160,147	\$ 16,269	\$ 173,800	\$ 180,982	\$ 187,800
Total net debt applicable to the limit as a percentage of debt limit	0.41%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Estimated Actual Taxable Value	9,390,024
Debt limit (2% of total assessed value)	187,800,480
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net application to limit	<u>-</u>
Legal Debt Margin	<u>\$ 187,800,480</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
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						
2016	120,860	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
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	0	7,455,844	0	0	7,432,229	-	-
2010	0	7,786,117	0	0	7,760,736	-	-
2011	0	8,034,863	0	0	8,007,344	-	-
2012	0	8,147,244	0	0	8,119,134	-	-
2013	0	8,354,695	0	0	8,013,475	-	-
2014	0	8,690,022	0	0	8,690,022	-	-
2015	0	9,049,105	0	0	9,017,720	-	-
2016	0	9,422,058	0	0	9,390,023	-	-

LINN COUNTY
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2016

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	17,805	72.21%	12,713
Brownsville	2,960	100.00%	2,960
Halsay	-	100.00%	-
Harrisburg	-	100.00%	-
Lebanon	12,565	100.00%	12,565
Mill City	884	78.88%	680
Millersburg	-	100.00%	-
Sodaville	21	100.00%	21
Sweet Home	-	100.00%	-
Community Colleges:			
Chemeketa	82,315	0.97%	796
Lane	53,025	1.08%	573
Linn-Benton	34,000	47.55%	16,167
School Districts:			
Corvallis	26,820	2.07%	555
Central Linn	-	100.00%	-
Eugene	246,145	0.08%	148
Lane	7,350	0.03%	2
Greater Albany	7,755	72.73%	5,640
Harrisburg	1,285	90.14%	1,158
Jefferson	-	6.83%	-
Lebanon Community	41,515	100.00%	41,515
North Santiam	21,630	19.98%	4,322
Santiam Canyon	-	45.17%	-
Scio	2,795	100.00%	2,795
Sweet Home	13,430	100.00%	13,430
Willamette ESD	-	75.00%	-
Water Districts:			
Grand Prairie	516	100.00%	516
Rural Fire Districts:			
Jefferson	-	40.53%	-
Brownsville	1,415	100.00%	1,415
Idanha-Delroil	-	5.85%	-
Lebanon	1,850	100.00%	1,850
Harrisburg	-	100.00%	-
Lyons	-	100.00%	-
Stayton	858	10.25%	88
Sweet Home Fire/Ambulance	255	100.00%	255
Total Overlapping	<u>576,994</u>		<u>120,168</u>
Total Direct and Overlapping	<u>\$ 576,994</u>		<u>\$ 120,168</u>

Source: Oregon State Treasury, Debt Management Division.

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

**LINN COUNTY
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years**

Fiscal Year	(1) Population	County Personal Income	(2) Per Capita Income	(3) School Enrollment	(2) Unemployment Rate (%)	(4) Marriage Licenses	(6) Linn County Employees
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	18,088	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)	21,617	7.0	836	635
2016	120,860	(5)	(5)	18,347	6.2	836	636

(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**

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Samaritan Health Services	1,600	1	3.6%	1,300	1	3.1%
ATI (Allvac Oremet- Wah Chang)	1,600	1	3.6%	1,198	2	2.8%
Linn Benton Community College	1,100	2	2.5%	1,012	3	2.4%
Greater Albany Public Schools	1,035	3	2.3%	947	4	2.2%
Linn County	700	4	1.6%	700	5	1.6%
Target Distribution Center	631	5	1.4%	631	7	1.5%
Selmet	505	6	1.1%			
City of Albany	402	7	0.9%	333	9	0.8%
Oregon Freeze Dry	400	8	0.9%	290	10	
National Frozen Foods	310	9	0.7%			
Assurant Solutions	300	10	0.7%			
Weyerhaeuser Co.				652	6	1.5%
Georgla-Pacific/GP				530	8	1.2%
Smoke-Craft				290	10	0.7%
Totals			<u>9.7%</u>			<u>9.6%</u>
Number of people employed in Linn County			44,140			42,550

Source: Albany Area Chamber of Commerce; and State of Oregon Employment Department :Benton/Linn Labor Trends

Linn County
Employees by Function
Full time equivalent employees as of June 30, 2016

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Community Development	53	53	88	65	67	71	69	88	71	72
General Administration	42	39	42	42	36	42	42	43	41	45
Health Services	208	190	178	178	184	187	180	171	174	161
Highways and Streets	62	67	75	73	76	85	84	84	76	76
Local Government Service	40	36	31	31	30	33	38	40	41	41
Public Safety	242	245	232	233	231	258	261	278	272	286
Total	647	630	622	622	624	676	674	684	675	681

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 Ten Fiscal Year**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sheriff										
Jail Bookings	6523	8128	6322	6,144	6,208	5,938	6,574	7,069	7,425	7,779
Highways and streets										
Road surface Improvements (miles)	58.93	49.45	32	50	46	62	85	57	48	60
Parks										
Picnic shelter rentals	200	223	212	169	260	190	211	179	168	271
Clerk's Office										
Documents recorded	23683	20442	20878	26,758	24,178	24,964	27,544	28,026	34,314	40,239
Marriage Licenses issued	816	836	749	792	673	744	823	638	825	842
Registered Voters	69202	64284	82509	63,622	60,738	59,785	58,755	61,607	59,836	57,466
Planning										
Building permits	1494	1339	1353	1,226	1,123	1,198	1,190	1,567	1,794	1,869
Contract Cities	701	598	497	428	374	364	402	365	668	938
Electrical permits	1631	1505	1335	1,312	1,335	1,199	1,342	1,818	2,167	2,266
Planning permits	757	842	670	613	519	509	537	642	856	1,212
Health										
Alcohol and Drug clients	950	903	763	790	830	857	887	858	776	703
Developmentally Disabled clients	909	776	842	747	736	724	717	635	620	818
Environmental Health service contacts	1649	1942	2642	2,460	2,742	2,622	2,483	2,815	3,128	2,850
Mental Health clients	5647	5036	4273	4,862	3,857	3,773	3,902	4,487	4,084	3,940
Public Health	15696	15887	13756	12,872	13,261	13,085	13,197	7,713	8,307	6,814
Women, infants, and children clients	8834	5858	6021	6,052	6,521	6,418	6,285	5,849	5,760	5,780
Fairgrounds										
Willamette building (hours of use)	8642	6176	5550	5,604	5,200	6,198	4,856	1,719	2,208	1,891
Calapooia Arena (hours of use)	1926	1845	2042	1,918	1,995	1,749	2,076	2,772	2,826	2,478
Santiam center (hours of use)	1503	1373	1146	1,203	1,315	1,594	1,388	1,781	2,358	1,507
Cascade livestock building (hours of use)	4124	4107	3793	3,900	3,838	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 Ten Fiscal Years**

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police:										
Stations	8	7	7	7	7	7	7	7	7	7
Patrol Units	55	55	55	55	55	53	54	63	52	51
Police service dogs	1	1	1	1	1	1	3	4	4	4
Culture and recreation										
Parks acreage	1364	1364	1364	1380	1360	1360	1360	1200	1202	1202
Parks	24	24	24	23	23	22	22	22	18	17
Picnic shelters	13	13	13	13	13	13	13	13	12	10
General Services										
Motor pool vehicles	79	76	76	78	82	80	83	83	83	80
Roads										
All Public Roads (includes local access (miles))	1155	1153	1153	1163	1153	1153	1154	1,148	1,148	1,148
Bridges	336	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				Highways and Streets			Capital Outlay	Indirect Cost Allocation	Debt Service	Totals	Portland, Oregon Consumer Index (U) (1982-84) Per Capita	
		Government Services	Public Safety	Health Services	Community Development	Education	Education	Education					Index (U)	Per Capita
2006-2007	8,034,501	3,312,232	26,450,686	19,023,335	7,052,851	15,832,158	2,928,087	-	-	918,827	83,552,677	206.7	771.85	
2007-2008	6,025,085	3,389,549	27,627,944	15,343,638	6,643,544	11,604,208	2,851,176	-	-	53,750	73,538,894	214.6	672.69	
2008-2009	6,399,975	3,557,132	30,267,454	16,386,585	7,769,397	15,905,243	2,675,530	-	-	687,562	83,648,878	215.3	759.17	
2009-2010	5,759,678	3,419,549	31,908,090	17,419,166	7,904,443	16,266,638	2,687,222	-	-	307,832	85,652,618	217.5	769.19	
2010-2011	5,697,524	3,341,122	30,985,440	18,822,560	1) 19,863,245	15,373,606	2,320,828	-	-	-	76,521,090	219.1	655.88	
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	8,808,537	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	10,743,586	1,733,163	6,703,094	1,739,461	246,921	91,735,436	242.7	768.35	
2015-2016	6,312,665	3,308,064	35,345,739	24,843,028	7,540,995	11,691,535	1,538,719	6,177,945	1,866,919	210,770	98,836,379	247.5	818.12	

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

Population based upon the 2015 center for Population Research and Census at Portland State University estimates for Linn County 120,860

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

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
 Ending June 30, 2016
 Insurance Coverage 15-16 /Excel/audit

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<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 Bodily injury by accident - each accident Bodily injury by disease - each employee	\$ 500,000 \$ 500,000 \$ 500,000	7/1/2015	7/1/2016	
15LLINC	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	7/1/2015	7/1/2016	
15APDLINC	City/County Insurance Services	Comprehensive general liability Automobile - Self-Insured Loss Funds	\$ 50,000 \$ 50,000	7/1/2015 7/1/2015	7/1/2016 7/1/2016	
15BLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown \$ 100,000,000	7/1/2015	7/1/2016	
15PLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All property coverage Real and Personal (\$10,000 Deductible)	Basic Coverage Inland Marine Restoration/Reproduction of books, records, etc. Electronic Data Restoration/Reproduction Off Premises Property In Transit Pollution Clean-up Earthquake Flood Revenue and Rental Value Extra Expense and Rental value	\$ 148,620,705 (incl. in basic coverage) 100,000 250,000 100,000 150,000 25,000 5,000,000 5,000,000 300,000 300,000	7/1/2015	7/1/2016

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2016
Insurance Coverage 15-18 /Excel/audit

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<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>	
15PLINC	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	7/1/2015	7/1/2016
			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		
15CLINC	Rhodes-Warden Ins., Inc (National Union Fire Insurance Company of Pitts, PA)	Excess Crime Coverage (Deductible \$10,000)	Employee Theft	\$ 500,000	7/1/2015	7/1/2016
			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	500,000		
			Paper Currency			
			Funds Transfer Fraud	500,000		
			Faithful Performance of Duty (Subject to \$1,000 Deductible)	500,000		



*AUDIT COMMENTS
& DISCLOSURES*

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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November 9, 2016

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, 2016, and have issued our report thereon dated November 9, 2016. 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, except for the following:

1. We noted budget overexpenditures as noted on page 31 of the notes.

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
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November 9, 2016

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, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 9, 2016.

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.

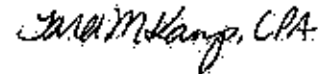
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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.



Tara M. Kamp, CPA
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November 9, 2016

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 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. 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, 2016

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 515(d)(2) of the Uniform Guidance?

yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

yes no

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

yes none reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?

yes

no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

10.665

Schools and Roads – Grants to Counties

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

yes

no

Auditee qualified as low-risk auditee?

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BASIS OF PRESENTATION

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.



FEDERAL SINGLE AUDIT

GRANT COMPLIANCE – SINGLE AUDIT

LINN COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

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, 2016.

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

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

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

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

LINN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Pass thru Entity Number</u>	<u>Expenditures</u>	<u>Pass thru to sub recipients</u>
<u>Department of Agriculture</u>				
Food and Nutrition Service				
<i>Passed through Oregon Department of Education:</i>				
School Breakfast Program	10.553	NA	\$ 7,560	\$
National Lunch Program	10.555	NA	13,811	
National Lunch Program -Food Donations for Commodities	10.555	NA	13,346	
Forest Service				
<i>Department of Human Resources Health Division:</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	F37009	660,253	
Women, Infants, and Children Breast Feeding Performance Bonus	10.578	F37009	558	
<i>Department of Administrative Services:</i>				
Schools and Roads - Grants to State				
Federal Forest PL 106-393 Title I	10.665	99999 AGR665	2,624,955 (1)	874,985 (1)
Federal Forest Title II	10.665	99999 AGR665	17,062 (1)	
Federal Forest PL 110-343 Title III	10.665	99999 AGR665	363,155 (1)	
Federal Forest PL 110-343 Title III	10.665	99999 AGR665	114,500 (1)	
Total Department of Agriculture			<u>3,815,200</u>	<u>874,985</u>
<u>Department of the Interior</u>				
Bureau of Land Management				
<i>Direct Programs:</i>				
<i>O & C Grant</i>				
Bureau of Land Management PL 106-393 Title I	10.665	99999 AGR665	909,814 (1)	
Payments in Lieu of Taxes	15.226	NA	220,100	
Fish and Wildlife Service				
<i>Passed through Oregon Marine Board:</i>				
Clean Vessel Act	15.616	NA	15,000	
Total Department of the Interior			<u>\$ 1,144,914</u>	<u>\$ -</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>Pass thru to sub recipients</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 NA	\$ 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 NA	51,916	
Crime Victim Assistance		<u>52,353</u>	<u>-</u>
Total Department of Justice			
<u>Department of Transportation</u>			
Federal Highway Administration			
<i>Passed through Oregon Department of Transportation:</i>			
Highway Planning and Construction	20.205	1,768,416	
Grants for Other than Urbanized Areas	20.509		103,807
Capital Assistance Program for Elderly Persons	20.513		236,939
National Priority Safety Program	20.616	226	
Total Department of Transportation		<u>1,768,642</u>	<u>340,746</u>
<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 F000312 09	25,568	
Total Environmental Protection Agency		<u>\$ 25,568</u>	<u>\$ -</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	Federal CFDA Number		Expenditures	Pass thru to sub recipients
<u>Department of Health and Human Services</u>				
Office of Population Affairs				
Family Planning - Services	93.217	PRIOR FPHIPA10000204	\$ 66,166	\$
Administration for Children and Families				
Promoting Safe and Stable Families	93.556	NA	94,163	
Centers for Disease Control				
<i>Passed through Oregon Department of Human Resources Health Division:</i>				
Bioterrorism preparedness & response	93.069	NA	93,222	
EBOLI payments	93.074	NA	24,519	
Sodium Reduction in Communities	93.082	1U58 DP004941 01	75,793	
Health Resources and Services Administration				
TB Control and AIDS	93.116	U52 CCU000504 28	374	
HIV Care Formula Grants	93.917	X07HA00007	141,143	
Assistances Program for Chronic Disease Prevention	93.945	1U58DP004833	41,180	
Maternal and Child Health Services Block Grant to the States	93.994	NA	27,389	
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	NA	83,964	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NA	305,275	
Total Department of Health and Human Services			<u>953,188</u>	<u>-</u>
<u>Department of Homeland Security</u>				
Federal Emergency Management Agency				
<i>Passed through Oregon State Police:</i>				
Boating Safety Financial Assistance	97.012	NA	40,045	
Hazard Mitigation Grant Program	97.036	NA	269,863	
Emergency Management Performance Grants	97.042	NA	133,291	
Total Department of Homeland Security			<u>443,199</u>	<u>-</u>
Total grant amounts expended or passed thru			<u>\$ 8,203,064</u>	<u>\$ 1,215,731</u>

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

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

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



We care for the County and the United States of America