



LINN COUNTY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2017

Prepared by: General Administration – Dave Alderman, Accounting Officer

LINN COUNTY
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INTRODUCTORY SECTION

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January 17, 2018

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, 2017 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, 2017, 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, 2017 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 2016 - 2017.

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, 2016 population of 122,315. 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 Animal Control), District Attorney's Office, Juvenile Department including the Detention Center, Justice Court and the Law Library.

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

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

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

ROAD DEPARTMENT which maintains 1,104.76 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 strong improvements in local economies that started, for Oregon, in the Portland Metro area. The County's recovery from the historic recession is complete as shown by the County's unemployment rate change - a revised rate of 4.4% for June 2017, down from the 6.4% revised rate for June 2016. The County's unemployment rate has continued to remain slightly higher than the State (3.7%) June 2017 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 1,220 jobs (June 2016 to June 2017), with both private and public sectors showing growth. From February 2008, the pre-recession employment peak, to June 2017, the County is roughly 1080 jobs up, with many companies starting to have problems finding qualified candidates to fill positions.

Along with the improved jobs data, there are other positive economic developments. As mentioned in the past few Audits, the medical school in Lebanon, the College of Osteopathic Medicine of the Pacific in partnership with Samaritan Health Services, is in operation and graduating students to meet the large demand for doctors. The campus complex continues to be built out with additional school facilities, apartments and businesses with a conference center, hotel and restaurant. Activity continues to increase in the Planning and Building Department, Clerk's Office and Surveyor's Office indicating that the housing/construction sector of the economy is strong. In addition, the County is in the running for a \$25 million project to site an Intermodal Facility on the property of a former paper mill. In the long term, Linn County's favorable Mid-Willamette Valley location and economic diversification will

continue to provide the factors that has allowed the County to work its way out of the recent recession and get jobs back above the 2008 level.

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 last 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 did not result in increases in State funding for County programs with much of that funding being changed and redirected to fill FY 2017-2019 Budget shortfalls due to health and retirement requirements.

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 Federal "safety net" payments have ended so revenue is based on actual Bureau of Land Management and Forest Service sales. 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 four year levy starting July 1, 2014, ending June 30, 2018, with a rate of \$2.83 per thousand valuation. The County plans to ask the voters to approve another four year levy in May 2019. The Levy revenue is recovering with higher property values and smaller Measure 5 compression losses as detailed below.

The County's major source of revenue remains intergovernmental receipts (\$50,246,877; 50.29% of revenue; down 0.02%) with the decrease primarily due to less funding for Federal forest payments. The fiscal impacts on the County from the severe decline in timber sales have continued with payments now based on actual sales as mentioned (Federal Forest Service and Bureau of Land Management Title I payments; \$1,139,009; 1.14% of revenue; down 76.22%). State-provided funds increased (\$33,984,225; 34.02% of revenue; up 2.16%) and provided the bulk of the remaining intergovernmental receipts.

The impacts on County property taxes (\$33,841,666; 33.87%; up 6.69%) 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 (4.13%) 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 (\$21,215,439; 62.69% of the total property taxes). The Law Enforcement Levy's net amount continues to be significantly reduced ("compressed") by 23.02% (\$4,884,749) 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 (\$1,382,325; 4.08% 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 (\$12,018,715; 12.03% of revenue; up 1.00%) 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 actual 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 2016 –2017, the total personnel cost increased by 5.16% due to retirement costs, cost of living adjustments (COLAs) and an increase in the number of employees (health insurance premiums had minimal increases). 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 COLAs and more employees, total PERS payments (including the employees' "pick-up" paid by the County) increased \$316,467 (3.80%) 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 or not.

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.

As mentioned last year, a key major property purchase closed 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 in the fall of 2017. The County has also completed further improvements to the Edgewater RV resort and marina (restroom remodel, ADA sidewalk added, and debris boom rebuilt) in 2017 and added another cabin at River Bend Park. The programmed road and bridge improvements by the Road Department upgraded 63.79 miles of road miles of the County’s road system and completed replacement/major repairs to five bridges.

Regarding labor contracts, the County had one labor agreement ending May 31, 2017 and thus up for negotiations. The Teamster contract has been settled (Road Department) for four years with a first year COLA of 2%.

The County is also involved in two major lawsuits with the State of Oregon, one a contractual issue involving the County’s Forest 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, and continue to work their way through the court system.

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 – 63.68%; 30 to 90 days – 2.28%; 90 days to 12 months – 8.09%, 12 to 24 months – 14.77% and 24 to 36 months – 11.18%. The average yield on investments for the year was 1.19% compared to an average of 1.105% for the State’s Local Government Investment Pool. The County recorded interest revenues of \$274,204 on all County investments in the year ending June 30, 2017. This represents a decrease of \$36,601, down 12% from the prior year due to balances being down during the year.

Risk Management. For the fiscal year ending June 30, 2017 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 75). Additional information is included in the Financial Section of this report (page 56) with a schedule of all the County's insurance coverages included in the Statistical Section of this report (pages 101 and 102).

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 effective July 1, 2015 are as follows: 18.96% (Tier 1 & 2), 11.6% (OPSRP General Service) and 15.71% (OPSRP Police). The rates will change 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 2019, 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).

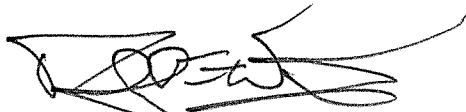
Linn County has no other County directly funded retirement benefits since the option to continue health insurance benefits, as required by State statute, is fully paid by the retiree (at the same premium rate as active employees). However, the required inclusion of retirees in the County's insurance plans does negatively impact the claims experience for the plans and thus the premiums charged.

AWARDS AND ACKNOWLEDGEMENTS

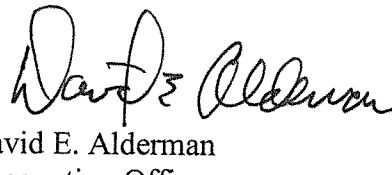
For the twenty sixth consecutive year, the GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Linn County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and Local government financial reports and satisfaction of both GAAP and legal requirements. In addition to being awarded the Certificate, Linn County's CAFR was judged to be easily readable and efficiently organized. The Certificate is valid for a period of one year only and, as mentioned earlier, this CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,



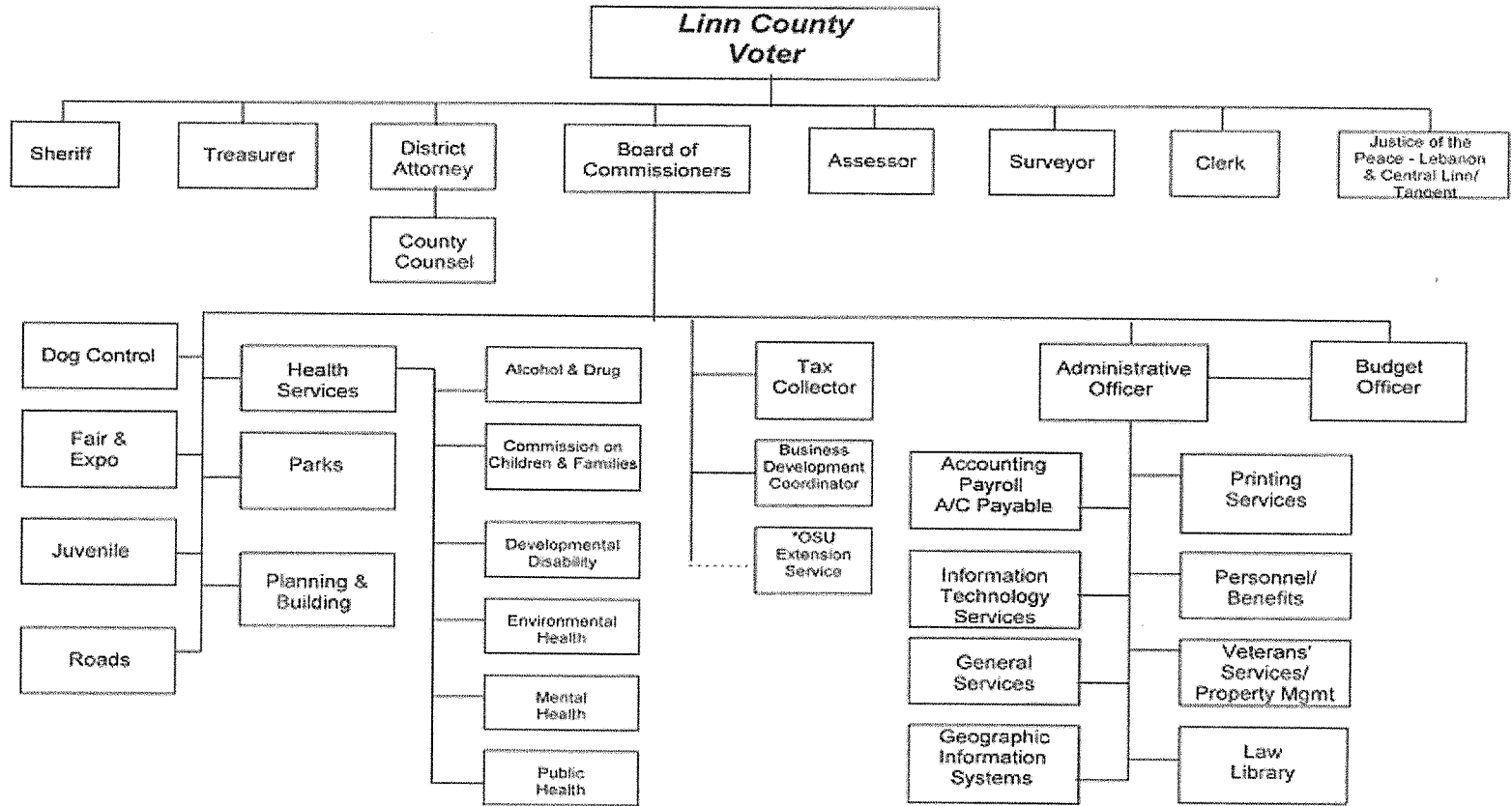
Ralph E. Wyatt
Administrative Officer



David E. Alderman
Accounting Officer



LINN COUNTY, OREGON
Organization Chart



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

LINN COUNTY

Elected Officials

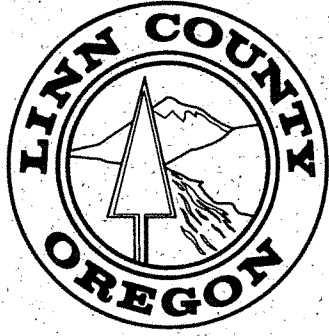
<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Roger Nyquist	Commissioner, Board Chairman	December 2020
John Lindsey	Commissioner	December 2018
William Tucker	Commissioner	December 2020
David Swartzlender	Assessor and Tax Collector	December 2020
Steve Druckenmiller	Clerk	December 2018
Douglas Marteeny	District Attorney	December 2020
Honorable Jad Lemhouse	Justice of the Peace – Central Linn	December 2020
Bruce Riley	Sheriff	December 2020
Charles Gibbs	Surveyor	December 2020
Michelle Hawkins	Treasurer	December 2020

Administrative Officer

Ralph E. Wyatt

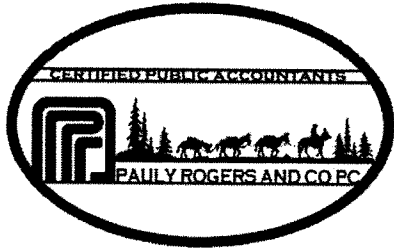
Registered Address

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



FINANCIAL SECTION

FINANCIAL SECTION



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www.paulyrogersandcocpas.com

January 17, 2018

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, 2017, 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, 2017 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.

Emphasis of a Matter

The District adopted provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* and GASB Statement No. 77 – *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to these matters.

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 January 17, 2018 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 January 17, 2018, 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, 2017. 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 \$191,072,812 (*net position*). Of this amount, (\$37,860,083) (*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 \$1,839,968 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 \$21,433,136, a decrease of \$6,470,177 in comparison with the prior year, with 90.90% of this total amount, \$19,483,516 *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 (\$9,041,074). The negative fund balance is primarily due to interfund debt as follows:

	<u>Amount</u>	<u>Purpose</u>
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.
2016-17	400,000	Upgrade Planning and Building software.

The current general fund interfund loan balance is \$7,841,650, which paid being paid over a ten year. The combined balance of all the interfund loans is \$13,652,772. Linn County has no general obligation bond debt as of June 30, 2017.

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, an additional PERS schedules.

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 \$191,072,812 the close of the fiscal year.

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

	2017	2016
Assets		
Current and other assets	\$ 33,582,251	\$ 39,724,750
Capital assets	210,235,642	199,586,921
Deferred Outflows (pension)	37,616,653	5,958,879
Total assets and deferred outflows of resources	<u>281,434,546</u>	<u>245,270,550</u>
Liabilities		
Long-term liabilities outstanding	3,618,550	3,431,637
Net Pension Liability	73,028,662	31,119,510
Other liabilities	9,911,639	10,220,438
Deferred inflow of resources	<u>3,802,883</u>	<u>7,586,185</u>
Total liabilities and deferred inflows	<u>90,361,734</u>	<u>52,357,770</u>
Net Position		
Net investment in capital assets	210,235,642	199,586,921
Restricted for:		
Highways and Streets	15,089,895	13,839,794
Health Services	1,657,738	1,188,106
Other Restricted	1,949,620	1,327,063
Unrestricted	<u>(37,860,083)</u>	<u>(23,029,104)</u>
Total net position	<u>\$ 191,072,812</u>	<u>\$ 192,912,780</u>

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

The governments net position decreased by \$1,839,968 during the current fiscal.

Governmental activities. Governmental activities decreased Linn County's net position by \$1,839,968. Key elements of this decrease are as follows:

Linn County's Changes in Net Position

Governmental Activities

	2017	2016
Revenues		
Program		
Charges for services	\$ 12,018,715	\$ 11,924,879
Operating grants and contributions	40,857,616	37,356,551
General		
Property taxes	34,023,330	31,765,350
Grants and contributions not restricted to specific programs	11,679,952	13,266,810
Other	158,669	313,704
	\$ 98,738,282	\$ 94,627,294

Linn County's Changes in Net Position

Governmental Activities (continued)

	2017	2016
Expenses		
General government	\$ 8,337,594	\$ 8,236,233
Public safety	36,889,642	46,277,810
Highways/streets	12,712,624	13,380,008
Local government services	3,982,658	4,410,573
Health services	28,924,879	32,142,187
Community development	8,946,354	9,677,310
Apportionment to school districts	778,499	1,538,719
Total expenses	100,572,250	115,662,840
Increase (decrease) in net position	(1,839,968)	(21,035,546)
Net position - beginning of the year	192,912,780	213,948,326
Net position - end of the year	\$ 191,072,812	\$ 192,912,780

- Total revenues increased by \$4,110,988 between the prior fiscal year and the current fiscal year, primarily due to increases in property tax revenue going up as a result of the assessed property values rising.
- Overall, County-wide expenses decreased by \$15,090,590 from the previous year. This decrease is just the opposite of last year and again somewhat misleading because of the implementation of a new government accounting standard (GASB 68) during 2014-15 fiscal year. During the 2015-16 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). During the current year the pension expense is \$ 6,468,076. This decreased pension expense is allocated to each functional category by a percentage of pension contributions made for the year. The decrease in pension expense between this year and last year is \$19,720,621 and is the primary reason for the large decrease 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 \$21,433,136, a decrease of \$6,470,177 in comparison with the prior year. The bulk of the decrease is due to capital spending in Health Services, and the Sheriff's department. Of this total amount, \$34,001,902 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 (\$9,041,074); a increase in the deficit of \$1,843,735 compared with the previous year.

Key factors in this change are as follows:

- Overall revenue in the General Fund increased by \$926,963 from \$30,240,939 in 2015-16 to \$31,167,902 in the current year with the mix of revenue categories similar to last year. Most significantly, property tax revenue increased by \$510,242.
- Expenditures in the General Fund increased overall by \$1,698,870 primarily due to increased capital expenditures for the new sheriff communication system and records management software, and increase of \$3,067,984.
- As mentioned earlier, the General Fund negative fund balance is a result of a \$7,841,650 interfund loan payable, (Roads Fund, \$6,812,257 for various projects, and the loan payable of \$1,029,393 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 \$30,242,491 at year end. This balance decreased by \$1,936,535 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 of \$333,810 increased by \$746,050 over the prior year balance of (\$412,240) due to results from current operations. The LE Fund property tax revenue increased by \$1,686,684, from \$19,528,755 in 2015-16, to \$ 21,215,439 in 2016-17. The effect on property tax revenue was significantly reduced (\$4,884,749) due to compression of the overall property tax ceiling imposed by Measure 5. Expenditures increased by \$1,564,172 from \$18,970,050 in 2015-16 to \$20,534,222 in 2016-17 as a result of increased personal service costs, and capital expenditures.

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 \$3,867,406 represents a decrease of \$4,912,017 from the prior year. In the current fiscal year, overall revenues decreased by \$91,337 (\$24,193,917 in 2015-16 and \$24,102,580 in 2016-17). In addition, expenditures increased by \$4,242,198 (\$25,741,732 in 2015-16 to \$29,983,930 in 2016-17) due to \$1,735,734 in capital spending for a software upgrade, 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 \$358,958. This is an decrease in net position over last year by \$85,709 primarily due to a transfer to the General Fund of \$175,000, a positive change in revenues over expenses resulting in an operating income for the period of \$84,765.

General Fund Budgetary Highlights

Differences between the adopted budget and the final amended budget as a result of resolutions and a supplemental budget were \$853,200 (increase in appropriations) mostly due to additional expenses for painting the exterior of the Linn County Courthouse, and re-roofing the Health Services building. Additional appropriations were required to add staff in the Planning and Building department to keep up with the increase in permits and other licenses for the growing housing activity. Actual receipts in the General Fund were \$1,041,063 less than anticipated and actual expenditures were \$4,325,442 less than appropriations, demonstrating a generally prudent spending policy. Overall Personal services expenditures were \$2,431,390 under budget, and material and services were \$1,061,821 under budget.

Capital Asset and Debt Administration

Capital assets: Linn County's investment in capital assets for its governmental type activities as of June 30, 2017 amounts to \$210,235,642 (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 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 ; in 2015-16 by \$7,315,838; and in the current fiscal year \$10,648,721 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 \$3,065,815 were made for Sheriff records management and upgraded communication software during the year.
- Planning and Building software upgrade.

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2017		2016
Land	\$ 19,228,161	\$	17,476,519
Buildings and improvements, net	36,349,194		37,178,692
Equipment, net	9,512,897		8,789,507
Infrastructure, net	128,904,053		127,969,885
Intangibles	3,908,299		1,060,581
Construction in progress	12,333,038		7,111,737
Totals	\$ 210,235,642	\$	199,586,921

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 \$196,003,480.

Economic Factors

- The unemployment rate for Linn County is currently 4.4 percent which is a decrease from a rate of 6.2 percent a year ago. This compares unfavorably to the State's average unemployment rate of 3.7 percent and the National average rate of 4.4 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 2016-2017. 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 \$4,884,749 in property tax revenue collected for the Law Enforcement Levy Fund.
- With 50.29% 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.

LINN COUNTY
STATEMENT OF NET POSITION
June 30, 2017

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 24,533,483
Receivables, net of allowance for doubtful accounts	5,690,281
Due from other governments	1,302,325
Inventories	1,949,621
Investment in joint venture	106,541
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	136,229,819
Other capital assets, net of accumulated depreciation	<u>74,005,823</u>
TOTAL ASSETS	<u>243,817,893</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows (pension)	<u>37,616,653</u>
 <u>LIABILITIES</u>	
Accounts payable	939,759
Due to other governments	28,219
Payroll, payroll taxes, and benefits payable	6,146,440
Claims liability	171,255
Long-term obligations:	
Due with in one year:	
Accumulated compensated absences	2,625,966
Due in more than one year:	
Accumulated compensated absences	1,294,402
Post employment health care benefits	2,324,148
Proportionate Share of Net Pension Liability	<u>73,028,662</u>
TOTAL LIABILITIES	<u>86,558,851</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows (pension)	<u>3,802,883</u>
 <u>NET POSITION</u>	
Net invested in capital assets	210,235,642
Restricted for:	
Highways and Streets	15,089,895
Health Services	1,657,738
Other Purposes	1,949,620
Unrestricted	<u>(37,860,083)</u>
TOTAL NET POSITION	<u>\$ 191,072,812</u>

See notes to basic financial statements

LINN COUNTY

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2017**

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	\$ 8,337,594	\$ 693,668	\$ 367,439	\$ (7,276,487)
Local government services	3,982,658	726,540	573,339	(2,682,779)
Public safety	36,889,642	2,359,925	2,097,495	(32,432,222)
Health services	28,924,879	906,513	24,272,933	(3,745,433)
Community development	8,946,354	3,002,120	365,365	(5,578,869)
Highways and streets	12,712,624	4,329,949	12,396,546	4,013,871
Apportionments to school districts	778,499	-	778,499	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 100,572,250	\$ 12,018,715	\$ 40,851,616	(47,701,919)
General Revenues				
Property taxes levied for:				
				34,023,330
				11,679,952
				158,669
TOTAL GENERAL REVENUES				45,861,951
CHANGE IN NET POSITION				(1,839,968)
NET POSITION - BEGINNING				192,912,780
NET POSITION - ENDING				\$ 191,072,812

See notes to basic financial statements

**LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
<u>ASSETS</u>							
Cash and investments less OS checks	\$ 997,850	\$ 15,562,638	\$ 1,797,533	\$ 3,767,583	\$ 58,747	\$ 1,825,768	\$ 24,010,119
Receivables, net of allowance for doubtful accounts	1,193,086	127,267	2,056,674	2,098,489	126,461	88,304	5,690,281
Due from other funds	59,336	5,870	7,474	2,288	-	-	74,968
Due from other governments	60,175	786,430	-	364,721	-	90,999	1,302,325
Advances to other funds	-	12,623,379	-	1,029,393	-	-	13,652,772
Inventories	-	1,949,621	-	-	-	-	1,949,621
Investment in joint venture	-	106,541	-	-	-	-	106,541
TOTAL ASSETS	<u>\$ 2,310,447</u>	<u>\$ 31,161,746</u>	<u>\$ 3,861,681</u>	<u>\$ 7,262,474</u>	<u>\$ 185,208</u>	<u>\$ 2,005,071</u>	<u>\$ 46,786,627</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 174,461	\$ 173,774	\$ 142,956	\$ 385,463	\$ -	\$ 63,105	\$ 939,759
Due to other funds	17,783	32,303	3,689	18,481	-	14,625	86,881
Due to other governments	5,628	-	17,144	-	-	383	23,155
Advances from other funds	7,841,650	-	-	-	5,811,122	-	13,652,772
Unearned revenue	7,394	92,771	-	1,161,549	-	78,364	1,340,078
Payroll, payroll taxes, and benefits payable	2,216,852	598,668	1,431,961	1,829,575	-	69,384	6,146,440
TOTAL LIABILITIES	<u>\$ 10,263,768</u>	<u>\$ 897,516</u>	<u>\$ 1,595,750</u>	<u>\$ 3,395,068</u>	<u>\$ 5,811,122</u>	<u>\$ 225,861</u>	<u>\$ 22,189,085</u>

*See notes to basic financial statements
Continued on page 4*

BALANCE SHEET

GOVERNMENTAL FUNDS (Continued)

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - assessments	\$ -	\$ 21,739	\$ -	\$ -	\$ -	\$ -	\$ 21,739
Unavailable revenue - property taxes	1,087,753	-	1,932,121	-	122,793	-	3,142,667
TOTAL DEFERRED INFLOWS OF RESOURCES	1,087,753	21,739	1,932,121	-	122,793	-	3,164,406
<u>FUND BALANCES</u>							
Non spendable:							
Inventories	-	1,949,620	-	-	-	-	1,949,620
Restricted for:							
Roads	-	15,669,492	-	-	-	-	15,669,492
Law Enforcement Levy	-	-	333,810	-	-	-	333,810
Health Services	-	-	-	2,838,013	-	-	2,838,013
Grants/ minor funds	-	-	-	-	62,415	1,779,210	1,841,625
Committed to:							
Interfund loan commitments	-	12,623,379	-	1,029,393	-	-	13,652,772
Unassigned	(9,041,074)	-	-	-	(5,811,122)	-	(14,852,196)
TOTAL FUND BALANCES	(9,041,074)	30,242,491	333,810	3,867,406	(5,748,707)	1,779,210	21,433,136
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,310,447	\$ 31,161,746	\$ 3,861,681	\$ 7,262,474	\$ 185,208	\$ 2,005,071	\$ 46,786,627

See notes to basic financial statements

LINN COUNTY

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

June 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	21,433,136
<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	\$	252,534,882	
Less accumulated depreciation		<u>(42,299,240)</u>	210,235,642
Net pension Liability/Asset not reported in government funds			(73,028,662)
Net deferred pension inflows (outflows) are not payable in the current period and therefore are not reported in the funds.			33,813,770
Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds.			(3,920,368)
Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds.			(2,324,148)
Unavailable revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.			4,504,484
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>358,958</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	\$		<u>191,072,812</u>

See notes to basic financial statements

LINN COUNTY
STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Other Governmental Funds	Totals
REVENUES							
Property taxes	\$ 11,243,902	\$ -	\$ 21,215,439	\$ -	\$ 1,382,325	\$ -	\$ 33,841,666
Intergovernmental	9,134,330	16,785,691	-	21,532,755	-	2,794,101	50,246,877
Licenses, permits, fines and services	8,916,527	438,592	4,724	1,992,326	-	1,603,486	12,955,655
Interest earnings	(13,207)	94,222	33,138	27,987	3,424	8,579	154,143
Interest, inter fund loan	-	236,199	-	23,787	-	-	259,986
Indirect cost reimbursement (net)	1,886,350	-	-	315,974	-	-	2,202,324
Miscellaneous	-	-	26,971	209,751	-	6,278	243,000
TOTAL REVENUES	31,167,902	17,554,704	21,280,272	24,102,580	1,385,749	4,412,444	99,903,651
EXPENDITURES							
Current :							
General administration and support	7,223,740	-	-	-	-	-	7,223,740
Local government services	3,638,210	-	-	-	-	-	3,638,210
Public safety	11,821,748	-	19,574,193	-	-	1,144,347	32,540,288
Health services	-	-	-	26,883,838	-	-	26,883,838
Community development	6,119,372	-	-	-	-	2,342,558	8,461,930
Highways and streets	-	16,385,036	-	-	-	-	16,385,036
Apportionments to school districts	-	-	-	-	-	778,499	778,499
Capital Outlay	3,383,261	2,678,432	361,876	1,735,734	-	15,672	8,174,975
Indirect cost allocation	-	195,314	598,153	1,364,358	-	44,502	2,202,327
Debt service:							
Interest interfund	140,040	-	-	-	119,945	-	259,985
TOTAL EXPENDITURES	32,326,371	19,258,782	20,534,222	29,983,930	119,945	4,325,578	106,548,828
Excess (deficiency) of revenues over expenditures	(1,158,469)	(1,704,078)	746,050	(5,881,350)	1,265,804	86,866	(6,645,177)
OTHER FINANCING SOURCES (USES)							
Transfers in	573,490	-	-	969,333	-	289,423	1,832,246
Transfers out	(1,258,756)	(232,457)	-	-	-	(166,033)	(1,657,246)
TOTAL OTHER FINANCING SOURCES (USES)	(685,266)	(232,457)	-	969,333	-	123,390	-
Net change in fund balances	(1,843,735)	(1,936,535)	746,050	(4,912,017)	1,265,804	210,256	(6,470,177)
Fund balances (deficit) at beginning of year	(7,197,339)	32,179,026	(412,240)	8,779,423	(7,014,511)	1,568,954	27,903,313
Fund balances (deficit) at end of year	\$ (9,041,074)	\$ 30,242,491	\$ 333,810	\$ 3,867,406	\$ (5,748,707)	\$ 1,779,210	\$ 21,433,136

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, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(6,470,177)
<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	\$ 13,396,276	
Capital asset deletions net book value	(64,722)	
Less current year depreciation	<u>(2,682,833)</u>	10,648,721
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		986,850
Pension Expense/ Income		(6,468,076)
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		(392,087)
Accumulated compensated absences		(59,490)
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>(85,709)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (1,839,968)</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, 2017

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes				
Current year's levy Includes CATFA, and Severance	\$ 11,019,147	\$ 11,019,147	\$ 10,906,638	\$ (112,509)
Prior years' levies	280,000	280,000	324,191	44,191
Total property taxes	11,299,147	11,299,147	11,230,829	(68,318)
Intergovernmental				
O & C land grant	500,000	500,000	496,384	(3,616)
Payments in lieu of taxes	190,000	190,000	207,163	17,163
State forest land sales	1,700,000	1,700,000	1,566,798	(133,202)
Amusement tax	27,000	27,000	32,539	5,539
Cigarette tax	181,000	181,000	213,462	32,462
Electric co-op tax	195,100	195,100	186,779	(8,321)
Liquor tax	605,000	605,000	592,871	(12,129)
Video lottery reimbursement	526,660	526,660	529,666	3,006
Private car tax	3,400	3,400	2,827	(573)
Assessment and taxation grant	630,000	630,000	573,047	(56,953)
Assessment and taxation contracts	40,000	40,000	17,265	(22,735)
Veterans' officer reimbursement	84,557	84,557	84,006	(551)
State prison revenue-corrections	1,450,875	1,450,875	1,305,787	(145,088)
State prisoner allocation-contract - criminal	1,172,909	1,172,909	1,108,780	(64,129)
Juvenile detention contracts	341,699	341,699	341,699	-
Planning contract with cities	200,000	300,000	359,730	59,730
Cities and district contract with Sheriff Support	410,879	410,879	547,111	136,232
Emergency 911 contract with Sheriff	640,000	640,000	640,000	-
Public Safety Solution- City of Albany	18,110	18,110	114,983	96,873
Cities contract with Justice court	4,000	4,000	6,116	2,116
Juvenile work crew/ Fed forest title II	38,625	38,625	34,662	(3,963)
Juvenile contract with cities	116,376	116,376	119,250	2,874
Surveyor contracts	3,000	3,000	-	(3,000)
General Services from 4H Extension	54,881	54,881	45,340	(9,541)
GIS grant	5,000	5,000	-	(5,000)
Information technology service contracts	29,580	29,580	26,675	(2,905)
Total intergovernmental	9,168,651	9,268,651	9,152,940	(115,711)

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	\$ 179	\$ 129
Assessment and taxation	94,500	94,500	91,765	(2,735)
Clerk	1,255,281	1,255,281	1,301,672	46,391
Treasurer	2,400	2,400	2,500	100
Surveyor	90,860	90,860	126,408	35,548
Planning	1,141,500	1,281,500	1,392,638	111,138
Parks and recreation	1,984,000	1,984,000	1,870,377	(113,623)
Historical	40,000	40,000	14,131	(25,869)
Justice court - Central Linn	736,000	736,000	599,389	(136,611)
District attorney	180,000	180,000	203,523	23,523
Medical Examiner	46,000	46,000	47,000	1,000
Sheriff				
Corrections	685,000	713,000	399,236	(313,764)
Civil	480,587	590,587	460,234	(130,353)
Criminal	118,175	118,175	71,780	(46,395)
Animal Control	157,800	157,800	159,050	1,250
Support	88,980	88,980	44,307	(44,673)
Juvenile	25,900	25,900	35,161	9,261
General administration	44,935	44,935	54,686	9,751
Information technology	6,120	6,120	860	(5,260)
General services	89,885	95,432	30,042	(65,390)
Printing	286,824	286,824	280,411	(6,413)
County Counsel	-	-	201	201
Geographic information system	7,000	7,000	3,875	(3,125)
Expo	1,047,500	1,047,500	1,095,845	48,345
Non departmental	142,916	802,916	548,341	(254,575)
Regence and SAIF settlement	100,000	100,000	90,398	(9,602)
Indirect cost reimbursements, net	1,886,350	1,886,350	1,886,350	-
Total licenses, permits, fines and services	10,738,563	11,682,110	10,810,359	(871,751)
Interest earnings	15,000	15,000	29,717	14,717
TOTAL REVENUES	31,221,361	32,264,908	31,223,845	(1,041,063)

*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	\$ 508,747	\$ 508,747	\$ 497,417	\$ 11,330
Materials and services	10,925	10,925	10,867	58
Total Commissioners	519,672	519,672	508,284	11,388
Assessment and Taxation				
Personal services	2,012,902	2,012,902	2,010,537	2,365
Materials and services	233,800	233,800	204,988	28,812
Capital outlay	5	5	-	5
Total Assessment and Taxation	2,246,707	2,246,707	2,215,525	31,182
Clerk				
Personal services	1,047,598	1,047,598	947,090	100,508
Materials and services	264,402	264,402	226,357	38,045
Total Clerk	1,312,000	1,312,000	1,173,447	138,553
Treasurer				
Personal services	272,901	272,901	256,684	16,217
Materials and services	14,125	14,125	14,034	91
Total Treasurer	287,026	287,026	270,718	16,308
Surveyor				
Personal services	683,533	669,433	648,920	20,513
Materials and services	13,787	13,787	10,845	2,942
Capital Outlay	1	14,101	14,022	79
Total Surveyor	697,321	697,321	673,787	23,534
Veterans' Services				
Personal services	270,052	270,052	268,564	1,488
Materials and services	9,444	9,444	9,428	16
Total Veterans' Services	279,496	279,496	277,992	1,504

*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> Original	<u>Budget</u> Original	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Planning and Building				
Personal services	\$ 1,263,382	\$ 1,408,382	\$ 1,053,446	\$ 354,936
Materials and services	119,600	214,600	202,526	12,074
Capital Outlay	<u>425,005</u>	<u>425,005</u>	<u>425,005</u>	<u>-</u>
Total Planning and Building	<u>1,807,987</u>	<u>2,047,987</u>	<u>1,680,977</u>	<u>367,010</u>
Parks and Recreation				
Personal services	1,187,787	1,157,787	1,157,714	73
Materials and services	562,210	592,210	591,457	753
Capital outlay	<u>133,000</u>	<u>133,000</u>	<u>15,802</u>	<u>117,198</u>
Total Parks and Recreation	<u>1,882,997</u>	<u>1,882,997</u>	<u>1,764,973</u>	<u>118,024</u>
Historical				
Personal services	21,401	21,401	20,552	849
Materials and services	27,300	27,300	18,025	9,275
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Historical	<u>68,701</u>	<u>68,701</u>	<u>38,577</u>	<u>30,124</u>
Sheriff - Support Services				
Personal services	2,602,757	2,352,757	2,242,768	109,989
Materials and services	677,320	677,320	599,363	77,957
Capital outlay	<u>806,739</u>	<u>806,739</u>	<u>496,767</u>	<u>309,972</u>
Total Sheriff - Support Services	<u>4,086,816</u>	<u>3,836,816</u>	<u>3,338,898</u>	<u>497,918</u>
Sheriff - Civil				
Personal services	999,313	1,063,313	1,028,718	34,595
Materials and services	34,550	51,550	45,853	5,697
Capital Outlay	<u>1</u>	<u>29,001</u>	<u>28,819</u>	<u>182</u>
Total Sheriff - Civil	<u>1,033,864</u>	<u>1,143,864</u>	<u>1,103,390</u>	<u>40,474</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> <u>Original</u>	<u>Budget</u> <u>Original</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Sheriff - Criminal				
Personal services	\$ 3,921,158	\$ 3,921,158	\$ 2,955,759	\$ 965,399
Materials and services	203,490	203,490	190,693	12,797
Capital Outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Sheriff - Criminal	<u>4,124,649</u>	<u>4,124,649</u>	<u>3,146,452</u>	<u>978,197</u>
Justice Court - Central Linn				
Personal services	636,883	624,883	569,660	55,223
Materials and services	102,550	106,550	99,861	6,689
Capital outlay	<u>5</u>	<u>8,005</u>	<u>7,114</u>	<u>891</u>
Total Justice Court - Central Linn	<u>739,438</u>	<u>739,438</u>	<u>676,635</u>	<u>62,803</u>
District Attorney				
Personal services	1,017,347	1,017,347	834,070	183,277
Materials and services	<u>480</u>	<u>480</u>	<u>480</u>	<u>-</u>
Total District Attorney	<u>1,017,827</u>	<u>1,017,827</u>	<u>834,550</u>	<u>183,277</u>
Medical Examiner				
Personal services	147,773	147,773	106,840	40,933
Materials and services	<u>12,000</u>	<u>12,000</u>	<u>9,871</u>	<u>2,129</u>
Total Medical Examiner	<u>159,773</u>	<u>159,773</u>	<u>116,711</u>	<u>43,062</u>
Juvenile				
Personal services	1,059,578	1,059,578	928,978	130,600
Materials and services	85,598	85,598	56,976	28,622
Capital Outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Juvenile	<u>1,145,177</u>	<u>1,145,177</u>	<u>985,954</u>	<u>159,223</u>
Sheriff - Corrections				
Personal services	2,519,242	2,519,242	2,306,052	213,190
Materials and services	<u>319,200</u>	<u>347,200</u>	<u>311,792</u>	<u>35,408</u>
Total Sheriff - Corrections	<u>2,838,442</u>	<u>2,866,442</u>	<u>2,617,844</u>	<u>248,598</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> <u>Original</u>	<u>Budget</u> <u>Original</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Sheriff - Dogs				
Personal services	\$ 532,617	\$ 532,617	\$ 486,020	\$ 46,597
Materials and services	87,006	71,596	53,385	18,211
Capital Outlay	<u>2</u>	<u>15,412</u>	<u>15,410</u>	<u>2</u>
Total Sheriff - Dogs	<u>619,625</u>	<u>619,625</u>	<u>554,815</u>	<u>64,810</u>
General Administration				
Personal services	745,672	745,672	738,345	7,327
Materials and services	704,406	704,406	654,607	49,799
Capital outlay	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total General Administration	<u>1,450,081</u>	<u>1,450,081</u>	<u>1,392,952</u>	<u>57,129</u>
Information Systems				
Personal services	1,015,163	1,015,163	995,935	19,228
Materials and services	119,533	119,533	115,024	4,509
Capital outlay	<u>38,180</u>	<u>38,180</u>	<u>38,000</u>	<u>180</u>
Total Information Systems	<u>1,172,876</u>	<u>1,172,876</u>	<u>1,148,959</u>	<u>23,917</u>
General Services				
Personal services	1,165,225	1,184,503	1,172,956	11,547
Materials and services	930,623	930,623	878,307	52,316
Capital outlay	<u>46,078</u>	<u>537,545</u>	<u>324,205</u>	<u>213,340</u>
Total General Services	<u>2,141,926</u>	<u>2,652,671</u>	<u>2,375,468</u>	<u>277,203</u>
Printing				
Personal services	276,305	290,305	288,249	2,056
Materials and services	154,460	162,460	159,642	2,818
Capital outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Printing	<u>430,766</u>	<u>452,766</u>	<u>447,891</u>	<u>4,875</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	\$ 484,710	\$ 484,710	\$ 478,534	\$ 6,176
Materials and services	<u>27,762</u>	<u>27,762</u>	<u>22,389</u>	<u>5,373</u>
Total County Counsel	<u>512,472</u>	<u>512,472</u>	<u>500,923</u>	<u>11,549</u>
Geographic System (GIS)				
Personal services	371,502	371,502	361,751	9,751
Materials and services	61,644	61,644	44,603	17,041
Capital outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Geographic System (GIS)	<u>433,147</u>	<u>433,147</u>	<u>406,354</u>	<u>26,793</u>
Expo				
Personal services	875,842	800,842	713,617	87,225
Materials and services	499,250	519,250	518,137	1,113
Capital Outlay	<u>120,000</u>	<u>175,000</u>	<u>173,315</u>	<u>1,685</u>
Total Expo	<u>1,495,092</u>	<u>1,495,092</u>	<u>1,405,069</u>	<u>90,023</u>
Non-departmental				
Materials and services	720,160	1,525,160	875,883	649,277
Capital outlay	<u>1,900,000</u>	<u>1,939,695</u>	<u>1,832,306</u>	<u>107,389</u>
Total Non-departmental	<u>2,620,160</u>	<u>3,464,855</u>	<u>2,708,189</u>	<u>756,666</u>
Contingency	<u>713,538</u>	<u>61,298</u>	<u>-</u>	<u>61,298</u>
TOTAL EXPENDITURES	<u>35,837,576</u>	<u>36,690,776</u>	<u>32,365,334</u>	<u>4,325,442</u>
Excess (deficiency) of revenues over expenditures	<u>(4,616,215)</u>	<u>(4,425,868)</u>	<u>(1,141,489)</u>	<u>3,284,379</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)**

	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	Original	Original		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
From the unemployment fund	\$ 325,000	\$ 375,000	\$ 175,000	\$ (200,000)
Road funds / Corrections	60,000	60,000	450	(59,550)
Corner Preservation/surveyor	173,301	173,301	166,033	(7,268)
Road funds / Surveyor	332,000	332,000	222,395	(109,605)
Transfer from Roads/planning	400,000	400,000	400,000	-
Road Fund / Juvenile	10,000	10,000	7,750	(2,250)
Road fund loan/Criminal	1,000,000	1,000,000	-	(1,000,000)
Road fund transfer/Criminal	1,000,000	1,000,000	-	(1,000,000)
Fair fund to expo	2,500	2,500	-	(2,500)
Road Fund / GIS	30,000	30,000	-	(30,000)
Road Fund / Information Technology Service	15,000	15,000	1,662	(13,338)
Law Enforcement Fund Sheriff to ITS	3,000	3,000	3,000	-
Transfers (to) other funds				
County Fair	(60,000)	(60,000)	(60,000)	-
Corner Preservation/Clerk	(171,000)	(171,000)	(190,076)	(19,076)
Law Library	(4,000)	(4,000)	(4,000)	-
General Grants Fund		(35,347)	(35,347)	-
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 T:	(68,134)	(68,134)	(68,133)	1
To roads fund for loan payment, Clerk	(22,266)	(22,266)	(22,266)	-
To roads fund for loan payment, planning	(84,864)	(84,864)	(84,864)	-
To roads fund for loan payment, sheriff records		(250,000)	(250,000)	-
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	(576,950)	(576,950)	(576,949)	1
TOTAL OTHER FINANCING SOURCES (USES)	1,109,477	874,130	(1,569,454)	(2,443,586)

*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	\$ (3,506,738)	\$ (3,551,738)	\$ (2,710,943)	\$ 840,795
Fund balance at beginning of year	<u>3,506,738</u>	<u>3,551,738</u>	<u>3,697,536</u>	<u>145,798</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	986,593	<u>\$ 986,593</u>

Reconciliation to GAAP basis

Year End Cash Adjustment	20,583
Fair market value adjustment	(1,397)
Accounts receivable	27,527
Adjust for change in workman compensation reserve	(6,392)
Property taxes receivable and available	68,874
Due from other governments and available	60,175
Due from other funds and available	59,336
Advance from Roads Fund, Health Fund	(7,841,650)
Accounts payable	(174,461)
Due to other governments	(5,628)
Due to other funds	(17,783)
Payroll, payroll taxes and benefits payable	<u>(2,216,852)</u>
Fund balance (GAAP basis) - at end of year	<u>\$ (9,041,074)</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, 2017

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 8,212,975	\$ 8,212,975	\$ 8,144,269	\$ (68,706)
Federal forest	320,000	320,000	368,930	48,930
Intergovernmental	10,030,000	10,030,000	8,255,726	(1,774,274)
Interest earnings	100,000	100,000	118,662	18,662
Miscellaneous	631,850	631,850	441,306	(190,544)
TOTAL REVENUES	19,294,825	19,294,825	17,328,893	(1,965,932)
EXPENDITURES				
Personal services	7,332,609	7,332,609	6,785,129	547,480
Materials and services	5,618,310	5,618,310	4,066,623	1,551,687
Indirect cost allocation	195,314	195,314	195,314	-
Capital outlay	15,368,000	15,368,000	9,544,019	5,823,981
Contingency	2,500,000	2,500,000	-	2,500,000
Reserve for future years	4,866,777	4,866,777	-	4,866,777
TOTAL EXPENDITURES	35,881,010	35,881,010	20,591,085	15,289,925
Excess (deficiency) of revenues over expenditures	(16,586,185)	(16,586,185)	(3,262,192)	13,323,993
OTHER FINANCING SOURCES (USES)				
Loan repayments from other funds				
General fund /Accounting software	125,209	125,209	125,209	-
General fund / Assessment and Tax	68,134	68,134	68,134	-
General fund / parks Marina	101,003	101,003	101,003	-
General fund / Tangent property	96,049	96,049	96,049	-
General fund /Clerk	22,266	22,266	22,266	-
General fund /Sheriff	250,000	250,000	250,000	-
General fund /Albany police property	194,822	194,822	194,821	(1)
Veterans Home Loan	1,329,968	1,329,968	1,329,968	-
General fund /Planning	84,864	84,864	84,864	-
Repayment Jackson Street	90,097	90,097	90,096	(1)
General fund / Willamette property	70,773	70,773	70,773	-
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 to Planning	(400,000)	(400,000)	(400,000)	-
General Fund /Surveyor contract	(332,000)	(332,000)	(222,394)	109,606
Juvenile work crew/General Fund	(10,000)	(10,000)	(7,750)	2,250
ITS support/General Fund	(15,000)	(15,000)	(1,662)	13,338
GIS Contract	(30,000)	(30,000)	-	30,000
Sheriff-Road Crew	(60,000)	(60,000)	(650)	59,350
TOTAL OTHER FINANCING SOURCES (USES)	(413,815)	(413,815)	1,800,727	2,214,542

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>	<u>Budget</u>		
	<u>Original</u>	<u>Original</u>	<u>Actual</u>	<u>Variance</u>
Net change in fund balance	\$ (17,000,000)	\$ (17,000,000)	\$ (1,461,465)	\$ 15,538,535
Fund balance at beginning of year	<u>17,000,000</u>	<u>17,000,000</u>	<u>17,039,527</u>	<u>39,527</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	15,578,062	<u>\$ 15,578,062</u>
Reconciliation to GAAP basis:				
Accounts receivable and available			12,758	
Cash imprest adjustment			350	
Fair value adjustment			(15,774)	
Due from other funds			5,870	
Due from other governments and available			786,430	
Investment in fuel facility			106,541	
Inventories			1,949,620	
Accounts payable			(136,461)	
Contracts payable			(37,313)	
Due to other funds			(32,303)	
Payroll, payroll taxes and benefits payable			<u>(598,668)</u>	
Total current reconciling items			2,041,050	
Long-term portion of interfund loan receivable			<u>12,623,379</u>	
Total all reconciling items			<u>14,664,429</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 30,242,491</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, 2017

REVENUES	Original Budget	Final Budget	Actual	Variance
Property taxes:				
Current year's levy	\$ 20,234,070	\$ 20,234,070	\$ 20,634,383	\$ 400,313
Prior year's levy	475,000	475,000	554,261	79,261
Total property taxes	20,709,070	20,709,070	21,188,644	479,574
Contracts	-	-	26,971	26,971
Interest earnings	7,000	7,000	35,126	28,126
TOTAL REVENUES	20,716,070	20,716,070	21,250,741	534,671
EXPENDITURES				
Personal services	16,740,365	16,740,365	16,041,308	699,057
Materials and services	3,516,503	3,516,503	3,289,262	227,241
Indirect cost allocation	598,153	598,153	598,153	-
Capital outlay	595,006	595,006	346,087	248,919
Operating Contingency	193,043	193,043	-	193,043
TOTAL EXPENDITURES	21,643,070	21,643,070	20,274,810	1,368,260
Excess (deficiency) of revenues over expenditures	(927,000)	(927,000)	975,931	1,902,931
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(3,000)	(3,000)	-	-
Loan repayment to General Road Fund	(250,000)	(250,000)	-	250,000
TOTAL OTHER FINANCING SOURCES (USES)	(253,000)	(253,000)	-	250,000
Net change in fund balance	(1,180,000)	(1,180,000)	975,931	2,152,931
Fund balance at beginning of year	1,180,000	1,180,000	823,171	(356,829)
Fund balance at end of year	\$ -	\$ -	1,799,102	\$ 1,796,102
Reconciliation to GAAP basis:				
Property taxes receivable and available			124,553	
Due from other funds			7,474	
Fair value adjustment			(1,569)	
Accounts payable			(142,956)	
Due to other governments			(17,144)	
Due to other funds			(3,689)	
Payroll, payroll taxes and benefits payable			(1,431,961)	
Fund balance (GAAP basis) at end of year			\$ 333,810	

See notes to basic financial statements

LINN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 HEALTH - MAJOR SPECIAL REVENUE FUND
 Year Ended June 30, 2017

REVENUES	Budget		Actual	Variance
	Original	Final		
Health administration:				
Grants	\$ 270,000	\$ 270,000	\$ 271,317	\$ 1,317
Managed Care Capitation	190,000	190,000	190,000	-
Indirect cost reimbursement	43,162	43,162	43,162	-
Mental health services:				
Grants	4,272,933	4,522,933	5,528,529	1,005,596
Group home room and board	31,000	31,000	21,700	(9,300)
Title XIX	416,425	416,425	381,310	(35,115)
Contracts	-	-	88,203	88,203
Managed care	9,844,032	9,844,032	7,865,931	(1,978,101)
Reimbursements	599,000	599,000	571,219	(27,781)
Earnings on deposits	24,500	24,500	22,502	(1,998)
Miscellaneous fees	30,700	30,700	51,118	20,418
Developmental disabilities:				
Grants	2,406,527	2,406,527	2,496,209	89,682
Earnings on deposits	1	1	7,554	7,553
Alcohol and drug:				
Grants	2,039,272	2,039,272	2,040,001	729
Beer and wine tax	122,000	122,000	146,272	24,272
Title XIX	121,000	121,000	179,586	58,586
Managed care	1,257,500	1,310,238	795,932	(514,306)
Reimbursements	42,750	42,750	107,651	64,901
Miscellaneous fees	10,950	10,950	26,627	15,677
Earnings on deposits	560	560	2,189	1,629
Donations/Gifts	-	-	350	350
Indirect cost reimbursement	71,569	71,569	71,569	-
Public health:				
Grants	1,504,909	1,504,909	1,394,469	(110,440)
Medicaid administration	110,000	110,000	103,794	(6,206)
Title XIX	420,192	420,192	301,296	(118,896)
Family-PEP	120,000	120,000	73,125	(46,875)
Miscellaneous fees	141,500	141,500	131,656	(9,844)
Reimbursements	35,000	35,000	31,263	(3,737)
Earnings on deposits	19	19	11	(8)
Indirect cost reimbursement	201,249	201,249	201,249	-
Information Technology				
Grants	-	-	103,549	103,549
Environmental health:				
Grants	300,652	300,652	316,146	15,494
Licenses and permits	370,000	370,000	447,252	77,252
Miscellaneous fees	300,000	300,000	324,422	24,422
Earnings on deposits	1,500	1,500	3,952	2,452
TOTAL REVENUES	25,298,902	25,601,640	24,341,115	(1,260,525)

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	\$ 23,748,716	\$ 23,963,085	\$ 21,283,111	\$ 2,679,974
Materials and services	5,328,121	5,439,752	5,220,088	219,664
Indirect cost allocation	1,364,361	1,364,361	1,364,361	-
Capital outlay	1,913,163	1,931,511	1,734,834	196,677
Contingency	3,310,990	3,269,380	-	3,269,380
TOTAL EXPENDITURES (1)	35,665,351	35,968,089	29,602,394	6,365,695
Excess (deficiency) of revenues over expenditures	(10,366,449)	(10,366,449)	(5,261,279)	5,105,170
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,153,107	1,153,107	1,153,107	-
Net change in fund balance	(9,213,342)	(9,213,342)	(4,108,172)	5,105,170
Fund balance at beginning of year	9,213,342	9,213,342	7,879,572	(1,333,770)
Fund balance at end of year	\$ -	\$ -	3,771,400	\$ 3,771,400
Reconciliation to GAAP basis:				
Fair market value and cash adjustment			(3,818)	
Accounts receivable (net)			936,942	
Due from other governments and available			364,721	
Due from other funds and available			2,288	
Advances to other funds			1,029,392	
Accounts payable			(385,463)	
Due to other funds			(18,481)	
Payroll, payroll taxes and benefits payable			(1,829,575)	
Fund balance (GAAP basis) at end of year			\$ 3,867,406	
(1) Summary of Expenditures by Program				
Health administration	\$ 494,005	\$ 494,005	\$ 419,014	\$ 74,991
Mental - emotional disturbances	16,314,910	16,446,520	14,869,225	1,577,295
Developmental disabilities	2,976,011	2,976,011	2,523,794	452,217
Alcohol and drug	4,211,839	4,264,577	3,841,608	422,969
Public health	3,094,612	3,094,612	2,877,170	217,442
Health Information technology	3,060,967	3,070,967	2,926,296	144,671
Environmental health	837,656	987,656	780,926	206,730
Indirect Cost Allocation	1,364,361	1,364,361	1,364,361	-
Contingency	3,310,990	3,269,380	-	3,269,380
TOTAL EXPENDITURES BY PROGRAM	\$ 35,665,351	\$ 35,968,089	\$ 29,602,394	\$ 6,365,695

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, 2017**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property Tax - Current	\$ 1,290,398	\$ 1,290,398	\$ 1,350,179	\$ 59,781
Property Tax - Prior	38,570	38,570	35,112	(3,458)
Earnings on deposits	1,000	1,000	3,424	2,424
TOTAL REVENUES	<u>1,329,968</u>	<u>1,329,968</u>	<u>1,388,715</u>	<u>58,747</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	1,388,715	(58,747)
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(1,329,968)</u>	<u>(1,329,968)</u>	<u>(1,329,968)</u>	<u>-</u>
Net change in fund balance	-	-	58,747	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	58,747	<u>\$ -</u>
Reconciliation to GAAP basis:				
Property tax receivable			3,668	
Advances from Other Funds			<u>(5,811,122)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ (5,748,707)</u>	

LINN COUNTY
INTERNAL SERVICE FUND

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

LINN COUNTY
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 June 30, 2017

	Governmental Activities
	Internal Service
<u>ASSETS</u>	
Cash and investments	\$ 523,364
Due from other funds	11,913
	535,277
TOTAL ASSETS	535,277
<u>LIABILITIES</u>	
Due to other governments	5,064
Claims liability	171,255
	176,319
TOTAL LIABILITIES	176,319
<u>NET POSITION</u>	
Unrestricted	\$ 358,958
	358,958

LINN COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2017**

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Reimbursements	\$ 188,519
OPERATING EXPENSES	
Insurance claims	103,754
Operating income	84,765
NONOPERATING REVENUES/EXPENSES	
Interest earnings	4,526
Transfer to General fund	(175,000)
Change in net assets	(85,709)
Total net position - beginning of year	444,667
Total net position - end of year	\$ 358,958

See notes to basic financial statements

LINN COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2017**

	Governmental Activities
	Internal Service
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 199,574
Cash paid for insurance claims	(20,893)
	178,681
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	4,526
Net cash provided (used) by investing activities	4,526
Transfer to the general fund	(175,000)
Net cash provided (used) by non capital financing activities	(175,000)
Net increase in cash and cash equivalents	8,207
Cash and cash equivalents - beginning of year	515,157
Cash and cash equivalents - end of year	\$ 523,364
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 84,765
Decrease (increase) in due from other funds	11,054
Increase (decrease) in due to other government	2,211
Increase (decrease) in claims liability	80,651
Net cash provided by operating activities	\$ 178,681

See notes to basic financial statements

LINN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2017

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,609,244
Receivables	13,128,224
Due from other governments	<u>73,080</u>
 TOTAL ASSETS	 \$ <u>14,810,548</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 22,289
Due to other governments	1,440,304
Amounts held in trust	<u>13,347,955</u>
 TOTAL LIABILITIES	 \$ <u>14,810,548</u>

See notes to basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2017

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LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2017

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 acquisition 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, 2017. 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, 2017, 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, 2017 the County had the following investments:

Investment	Rating	Maturities	Activity Level	Fair Value
State Treasurer's Investment Pool	No Rating	N/A	Quoted market price, Level 1	\$ 9,487,973
US Agency-FNMA 1.05	AA+	9/5/2017	Quoted market price, Level 1	500,761
US Treasury T-Bond 0.625	AA+	11/30/2017	Quoted market price, Level 1	498,941
US Agency-FHLMC .90	AA+	12/28/2017	Quoted market price, Level 1	369,645
Corporate bond -MRK 1.1	AA	1/31/2018	Quoted market price, Level 1	499,186
Corporate bond -Apple Inc 1.5	AA+	5/3/2018	Quoted market price, Level 1	497,819
US Treasury T-Bond 1.0	AA+	5/31/2018	Quoted market price, Level 1	498,945
Corporate bond -NAB 1.875	AA-	7/23/2018	Quoted market price, Level 1	426,229
Municipal Bond -San Bernadina	AA	8/1/2018	Quoted market price, Level 1	258,383
US Agency-FHLB 1.05	AA+	9/28/2018	Quoted market price, Level 1	499,091
US Agency-FICO	AA+	11/2/2018	Quoted market price, Level 1	490,198
Corporate bond -Shell Intl 1.625	A+	11/10/2018	Quoted market price, Level 1	684,958
US Treasury T-Bond 1.25	AA+	11/15/2018	Quoted market price, Level 1	499,629
Corporate Note Pacificorp	A	1/15/2019	Quote market price, Level 1	527,960
Corporate bond -JPM 2.35	A-	1/28/2019	Quoted market price, Level 1	504,603
Corporate bond -CSCO 4.95	A+	2/15/2019	Quoted market price, Level 1	526,152
US Treasury Note 1.625	AA+	4/30/2019	Quoted market price, Level	503,825
Corporate bond -FHLB 1.25	AA+	6/21/2019	Quoted market price, Level 1	496,588
US Treasury Note 1.625	AA+	3/15/2020	Quoted market price, Level 1	502,090
Municipal Bond -ORSGEN	AA+	4/1/2020	Quoted market price, Level 1	223,252
Municipal Bond -ORSGEN	AA+	5/1/2020	Quoted market price, Level 1	499,205
Municipal Port of Marrow	AA	9/1/2020	Quoted market price, Level 1	506,130
Total Investments				<u>\$ 19,501,564</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 insurer. 48.65% 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 \$10,013,591 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, 2017, the bank balances were \$6,817,840. Of the bank balance, \$ 250,000 was covered by Federal Depository Insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

A. The County's deposits and investments at June 30, 2017, are as follows:

Cash on hand	\$ 13,414
Deposits with financial institutions	
Checking and saving accounts	6,627,749
Investments	<u>19,501,564</u>
Total cash and investments – all funds	<u>\$26,142,727</u>

B. Cash and Investments by fund:

Governmental activities

Governmental funds

General	\$ 997,851
General Road	15,562,638
Veterans Home Loan	58,747
Law Enforcement 4-Year Levy	1,797,533
Health	3,767,583
Other governmental funds	<u>1,825,768</u>

Total governmental funds 24,010,120

Proprietary fund

Internal Service	<u>523,364</u>
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Total governmental activities 24,533,484

Fiduciary fund

Agency	<u>1,609,244</u>
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Total cash and investments \$26,142,727

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

	General	Roads	4-Year Levy	Home Loan	Health	Funds	Agency	Totals
Property taxes	\$1,156,627	\$ -	\$2,048,373	\$126,461	\$ -	\$ -	\$ -	\$3,331,461
Accounts	29,064	22,050	-	-	7,276,279	78,454	-	7,405,847
Interest	7,395	83,479	8,301	-	20,206	9,850	-	129,231
Assessment	-	21,738	-	-	-	-	-	21,738
Gross Receivable, net	1,193,086	127,267	2,056,674	126,461	7,296,485	88,304	-	10,888,277
Less Allowance for uncollectible	-	-	-	-	(5,197,996)	-	-	(5,197,996)
Receivables, net	\$1,193,086	\$127,267	\$2,056,674	\$126,461	\$2,098,489	\$88,304	\$ -	\$5,690,281

4. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 59,336	\$ 17,783
General Road	5,870	32,303
Law Enforcement 4-Year Levy	7,474	3,689
Health	2,288	18,481
Other governmental funds	-	14,625
Internal service	11,913	-
	<u>\$ 86,881</u>	<u>\$ 86,881</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

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 fiscal 2015-16 a \$1,750,000 loan between the General Fund and Roads was made to purchase the Albany Police Station, as well as a \$2,000,000 loan for a Sheriff's communications and records management system. During the current fiscal year a \$400,000 loan between the General Fund and Roads was made to purchase a Planning and Building software upgrade. As of June 30, 2017, the combined balance of the interfund loans is \$13,652,772.

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	\$ 573,490	\$ 1,258,756
General Road	-	232,457
Health	969,333	-
Unemployment Fund	-	175,000
Other Government Funds	<u>289,423</u>	<u>166,033</u>
Total	<u>\$ 1,832,246</u>	<u>\$ 1,832,246</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

Capital assets not being depreciated				
Land	\$ 17,476,519	\$ 1,751,642	\$ -	\$ 19,228,161
Infrastructure	103,091,497	1,577,123	-	104,668,620
Construction in progress	<u>7,111,737</u>	<u>6,881,039</u>	<u>1,659,738</u>	<u>12,333,038</u>
Total capital assets not being depreciated	<u>127,679,753</u>	<u>10,209,804</u>	<u>1,659,738</u>	<u>136,229,819</u>
Capital assets being depreciated				
Buildings and improvements	51,392,968	-	-	51,392,968
Intangibles	1,952,311	3,065,815	-	5,018,126
Equipment	24,909,208	1,780,395	797,384	25,892,219
Infrastructure	<u>34,001,750</u>	<u>-</u>	<u>-</u>	<u>34,001,750</u>
Total capital assets being depreciated	<u>112,256,237</u>	<u>4,846,210</u>	<u>797,384</u>	<u>116,305,063</u>
Less accumulated depreciation for:				
Buildings and improvements	14,214,276	829,498	-	15,043,774
Intangibles	891,730	218,097	-	1,109,827
Equipment	16,119,701	992,288	732,662	16,379,327
Infrastructure	<u>9,123,362</u>	<u>642,950</u>	<u>-</u>	<u>9,766,312</u>
Total accumulated depreciation	<u>40,349,069</u>	<u>2,682,833</u>	<u>732,662</u>	<u>42,299,240</u>
Total capital assets, being depreciated, net	<u>71,907,168</u>	<u>2,163,377</u>	<u>64,722</u>	<u>74,005,823</u>
Governmental activities capital assets, net	<u>\$ 199,586,921</u>	<u>\$ 12,373,181</u>	<u>\$ 1,724,460</u>	<u>\$ 210,235,642</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	\$	193,004
Local government services		39,484
Public safety		556,878
Health services		134,728
Community development		441,505
Highways and streets		<u>1,317,234</u>

Total depreciation expense – governmental activities \$ 2,682,833

8. DUE TO OTHER GOVERNMENTS

At June 30, 2017 the internal service fund owed the State of Oregon \$5,064. In Addition, Linn County's General Fund and Law Enforcement Fund owed the Regional Fueling Facility \$23,155 for gasoline used in June 2017.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

During the year ended June 30, 2017, the following changes occurred with long-term obligations:

	Balances June 30, 2016	Additions	Reductions	Balances June 30, 2017	Balances Due Within One Year
Accumulated compensated absences	\$3,860,878	\$3,920,368	\$3,860,878	\$3,920,368	\$2,625,966
Totals	\$3,860,878	\$3,920,368	\$3,860,878	\$3,920,368	\$2,625,966

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, 2017, were \$240,645. Future minimum lease payments for the non cancelable leases are as follows.

	Year ending June 30,
2017	\$ 192,516
2018	144,387
2019	96,258
2020	48,129
2021	<u>24,065</u>
Total	<u>\$ 505,355</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. POSTEMPLOYMENT HEALTHCARE BENEFIT (GASB 75)

The County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, in fiscal year 2017. To comply with GASB 75, 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 and 75. 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 75, 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.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of June 30, 2016 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement: Discount rate per year 3%, general inflation rate 2.5 %; salary scale per year 3.0%, annual medical premium increase of 6.5% in 2016-17, decreasing 0.1% per year until 2031-32 and after 5.0%. Mortality rates were based on the RP=2000 Active/Healthy Annuitant Mortality Table for males and females, as appropriate, set back 12 months and were calculated by adjusting the rates 75% for male participants and 60% for female participants. Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on the percentages developed for the valuation benefits under Oregon PERS and vary by employee age. Retirement rates were calculated based on age and years of service with the assumption that 10% are to remain enrolled in a medical plan.

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
6/30/2017	503,135	118,048	23.46%	2,324,148

Funded Status and Funding Progress - As of July 1, 2016, the most recent actuarial valuation date, the total OPEB liability was \$2,324,148 all of which is unfunded because the County has not set aside any assets to pre-fund OPEB resulting from the implicit rate subsidy. The annual payroll of active employees covered by the County's healthcare plan was \$32,712,373 and the ratio of the total OPEB liability to covered payroll was 7.10 %. The County implemented GASB 45 in fiscal 2008-09, and GASB 75 in 2016-17. A multi-year schedule of funding progress is presented as Required Supplementary Information.

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates: The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.00 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

June 30, 2017	1% Decrease <u>2% Discount Rate</u>	Current Discount Rate <u>3 % Discount Rate</u>	1% Increase <u>4% Discount Rate</u>
Total OPEB Liability	\$ 2,539,291	\$ 2,324,148	\$ 2,127,666

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 7.0 percent graded down to 5.0 percent, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (6.0 percent graded down to 4.0 percent) or 1-percentage-point higher (8.0 percent graded down to 6.0 percent) than the current rate:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. POSTEMPLOYMENT HEALTHCARE BENEFIT (Continued)

June 30, 2017	1% Decrease 6% Graded <u>Down to 4 %</u>	Current Trend Rate 7% Graded <u>Down to 5 %</u>	1% Increase 8% Graded <u>Down to 6%</u>
Total OPEB Liability	\$ 2,046,939	\$ 2,324,148	\$ 2,652,996

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/Documents/Financials/CAFR/2016-CAFR.pdf>

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, 2017 were \$6,033,176 excluding amounts to fund employer specific liabilities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (Continued)

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

At June 30, 2017, the County reported a liability (asset) of \$ 73,028,662 proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating County's, actuarially determined. At June 30, 2016, the County's proportion was .5420 percent, which was the same as its proportion measured as of December 31, 2015. For the year ended June 30, 2017, the County recognized pension expense of \$6,468,076.

At June 30, 2017, 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.	\$ 2,416,107	\$ -
Changes in Assumptions.	15,575,259	-
Net difference between projected and actual earnings on pension plan investments.	14,427,400	-
Changes in proportion share and differences between employer contributions and proportionate share of contributions.	1,169 789,876	2,990,798 812,085
Subtotal-Amortized Deferrals (see table below)	33,209,811	3,802,883
Contributions subsequent to the measurement date	4,406,842	-
Total deferred outflows/(inflows) of resources	<u>\$ 37,616,653</u>	<u>\$ 3,802,883</u>

\$ 29,406,928 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, 2017. 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	\$ 5,072,110
2018	5,072,110
2019	10,411,559
2020	7,830,683
2021	1,020,465
Thereafter	-
Total	<u>\$ 29,406,927</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, 2014 rolled forward to June 30, 2016
Experience Study Report	2015, Published September 2016
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	3.50 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 BB, 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 (70% for males and 95% for females) of the RP-2000 sex distinct generational per scale BB, disabled mortality rate..

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, 2014.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5)
Linn County's proportionate share of the net pension liability (asset)	\$ 117,916,939	\$ 73,028,662	\$ 35,509,916

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

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 \$2,285,127 for the year ended June 30, 2017. 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 \$171,255 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>
2014-15	\$ 123,200	\$ 166,048	\$ 89,080	\$ 131,928
2015-16	131,928	160,215	62,317	90,604
2016-17	90,604	240,966	20,893	171,255

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, 2017.

	<u>Spent to date</u>	<u>Remaining Commitments</u>
Bridge/ Road Improvement	\$ 11,175,087	\$ 13,560,000
Sheriff Communication system	662,475	305,000
Planning and Building Software	401,959	0
Accounting software upgrade	65,487	25,000
Justice Center planning	<u>28,030</u>	<u>120,000</u>
Totals	\$ <u>12,333,038</u>	\$ <u>14,010,000</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, 2016. All advances must be repaid by May 31, 2017.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. FUND DEFICITS

At June 30, 2017, General Fund had a deficit fund balance of (\$9,041,074). The General Fund has an interfund loan balance with the Roads Fund and the Health Fund of \$7,841,650 as of June 30, 2017, as well as an accrued payroll of \$2,216,852 which represents the reason for the deficit. The loans will be paid back with general fund revenue over the next ten years.

At June 30, 2017, the Veterans' Home Loan fund had a deficit fund balance of (\$5,748,707) 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 32.7 percent interest in the equity of the Linn Regional Fueling Facility.

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

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

17. PROPERTY TAX ABATEMENTS

As of June 30, 2017, the Linn County had tax abatements through two programs: Enterprise Zone, and Construction in Process in Enterprise Zone that impacted their levied taxes.

Enterprise Zone (ORS 285C.175):

- The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. PROPERTY TAX ABATEMENTS (Continued)

Construction in Process in Enterprise Zone (ORS 285C.170):

- The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions. A Construction-in-Process exemption is available for qualifying properties currently under construction in an Enterprise Zone.

To qualify, the property must be owned or leased by an authorized business that is contractually obligated to own or lease the property until placed in service, it may not be previously subject to exemption as a commercial facility (ORS 307.330), and may not be operated, in all or part, as a hotel, motel, or destination resort.

Property may be exempt for no more than two tax years, which must be consecutive, and is not dependent on the property already receiving or being qualified to receive the Enterprise Zone exemption.

For the fiscal year ended June 30, 2017, the Linn County had abated property taxes totaling \$518,155 under these programs.

Program	ORS	Code Area	Linn County	Linn County Local option	Linn County Local Option II	Consolidated Linn County Tax Rate	Exempt/ Abated Value	Tax Abatement
Enterprise zone	285C.175		Tax rate					
Linn County		code 801	0.0011966	0.00283	0.0001786	0.0042052	22,560,934	\$ 94,873
Linn County		code 802	0.0012736	0.00283	0.00019	0.0042936	8,623,050	37,024
Linn County		code 808	0.0012736	0.00283	0.00019	0.0042936	22,242,270	95,499
Linn County		code 846	0.0011966	0.00283	0.0001786	0.0042052	16,689,160	70,181
Linn County		code 925	0.0010126	0.00283	0.0001862	0.0040288	48,534,570	195,536
Linn County		code 5502	0.0012736	0.00283	0.00019	0.0042936	248,241	1,066
								494,180
Enterprise zone construction in process								
Linn County	285C.170	code 801	0.0011966	0.00283	0.0001786	0.0042052	3,020,559	3,614
Linn County		code 802	0.0012736	0.00283	0.00019	0.0042936	8,092,320	10,306
Linn County		code 808	0.0012736	0.00283	0.00019	0.0042936	7,646,270	9,738
Linn County		code 5502	0.0012736	0.00283	0.00019	0.0042936	248,241	316
Linn County								23,975
Total Linn County Tax Abatement								\$ 518,155

REQUIRED SUPPLEMENTARY INFORMATION

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

Five Years - 2013-2017

Fiscal Year (Ending June 30)					
	2016-17	2015-16	2014-15	2013-14	2012-13
Arterials					
Planned	\$ 608,875	\$ 481,587	\$ 525,916	\$ 171,790	\$ 160,497
Actual	\$ 592,565	\$ 495,095	\$ 526,678	\$ 169,825	\$ 157,794
Collectors					
Planned	\$ 4,972,479	\$ 3,678,405	\$ 4,016,998	\$ 3,280,373	\$ 3,064,722
Actual	\$ 4,839,279	\$ 3,781,581	\$ 4,022,816	\$ 3,242,853	\$ 3,013,117
Local					
Planned	\$ 4,566,562	\$ 5,013,088	\$ 5,474,537	\$ 4,728,318	\$ 4,417,480
Actual	\$ 4,444,235	\$ 5,153,701	\$ 5,482,466	\$ 4,674,237	\$ 4,343,096
Total Planned	\$ 10,147,916	\$ 9,173,079	\$ 10,017,451	\$ 8,180,481	\$ 7,642,699
Total Actual	\$ 9,876,079	\$ 9,430,378	\$ 10,031,960	\$ 8,086,916	\$ 7,514,006
Difference	\$ 271,837	\$ (257,299)	\$ (14,509)	\$ 93,565	\$ 128,692

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**

**MEDICAL BENEFIT - ACCOUNTING UNDER GASB 75
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2017**

Total OPEB Liability at June 30, 2016		\$ 2,243,248
Changes for the year:		
Service Cost	124,450	
Interest	67,498	
Changes of Benefit Terms	-	
Differences Between Expected and Actual Experienc	-	
Changes of Assumptions or Other Input	-	
Benefit Payments	(111,048)	
Net Changes for the Year		80,900
Total OPEB Liability at June 30, 2017		\$ 2,324,148
Covered Payroll		32,712,373
Total OPEB liability as a Percentage of Covered Payroll		7.10%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The County implemented GASB 75 in the fiscal year ending June 30, 2017.

LINN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the fiscal year ended June 30, 2017
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
2017	0.5420	\$ 73,028,662	\$ 36,967,200	197.5 %	73.0 %
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, 2017
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
2017	\$ 6,033,176	\$ 6,033,176	\$	\$ 36,967,200	16.32%
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, 2017

	County Fair	Law Library	General Grants	Bike Trails	Corner Preser- vation	Historical Restoration	County Forest/ Park	County School	Totals
ASSETS									
Cash and investments	\$ 73,305	\$ 255,463	\$ 849,255	\$ 463,870	\$ 117,456	\$ 22,171	\$ 44,248	\$ -	\$ 1,825,768
Receivables, net of allowance for doubtful account:	-	-	85,816	2,488	-	-	-	-	88,304
Due from other funds	-	-	-	-	-	-	-	-	0
Due from other governments	-	-	90,999	-	-	-	-	-	90,999
TOTAL ASSETS	\$ 73,305	\$ 255,463	\$ 1,026,070	\$ 466,358	\$ 117,456	\$ 22,171	\$ 44,248	\$ -	\$ 2,005,071
LIABILITIES									
Accounts payable	\$ 22,426	\$ 244	\$ 40,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,105
Due to other funds	337	42	7,478	-	6,768	-	-	-	14,625
Due to other governments	-	-	383	-	-	-	-	-	383
Unearned revenue	-	-	75,876	2,488	-	-	-	-	78,364
Payroll, payroll taxes and benefits payable	-	4,702	64,682	-	-	-	-	-	69,384
TOTAL LIABILITIES	22,763	4,988	188,854	2,488	6,768	-	-	-	225,861
FUND BALANCES									
Restricted for:									
Grants/ minor funds	50,542	250,475	837,216	463,870	110,688	22,171	44,248	-	1,779,210
TOTAL FUND BALANCES	50,542	250,475	837,216	463,870	110,688	22,171	44,248	-	1,779,210
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,305	\$ 255,463	\$ 1,026,070	\$ 466,358	\$ 117,456	\$ 22,171	\$ 44,248	\$ -	\$ 2,005,071

LINN COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2017

	County Fair	Law Library	General Grants	Bike Trails	Corner Preser- vation	Historical Restoration	County Forest/ Park	County School	Totals
REVENUES									
Intergovernmental	\$ 53,667	\$ -	\$ 1,880,326	\$ 82,265	\$ -	\$ -	\$ -	\$ 777,843	\$ 2,794,101
Licenses, permits, fines and services	346,900	108,659	1,124,713	-	-	-	23,214	-	1,603,486
Interest earnings	-	2,558	207	3,416	937	207	598	656	8,579
Miscellaneous	-	-	-	-	-	6,278	-	-	6,278
TOTAL REVENUES	<u>400,567</u>	<u>111,217</u>	<u>3,005,246</u>	<u>85,681</u>	<u>937</u>	<u>6,485</u>	<u>23,812</u>	<u>778,499</u>	<u>4,412,444</u>
EXPENDITURES									
Public safety	-	83,456	1,060,890	-	-	-	-	-	1,144,346
Community development	444,700	-	1,836,825	-	20,830	1,510	54,365	-	2,358,230
Apportionments to school districts	-	-	-	-	-	-	-	778,499	778,499
Indirect cost allocation	-	18,329	12,440	-	13,733	-	-	-	44,502
TOTAL EXPENDITURES	<u>444,700</u>	<u>101,785</u>	<u>2,910,155</u>	<u>-</u>	<u>34,563</u>	<u>1,510</u>	<u>54,365</u>	<u>778,499</u>	<u>4,325,577</u>
Excess (deficiency) of revenues over expenditures	(44,133)	9,432	95,091	85,681	(33,626)	4,975	(30,553)	-	86,867
OTHER FINANCING SOURCES (USES)									
Transfers in	60,000	4,000	35,347	-	190,076	-	-	-	289,423
Transfers out	-	-	-	-	(166,033)	-	-	-	(166,033)
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>4,000</u>	<u>35,347</u>	<u>-</u>	<u>24,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,390</u>
Net change in fund balances	15,867	13,432	130,438	85,681	(9,583)	4,975	(30,553)	-	210,257
Fund balances at beginning of year	34,675	237,042	706,778	378,190	120,271	17,196	74,801	-	1,568,953
Fund balances (deficit) at end of year	<u>\$ 50,542</u>	<u>\$ 250,474</u>	<u>\$ 837,216</u>	<u>\$ 463,871</u>	<u>\$ 110,688</u>	<u>\$ 22,171</u>	<u>\$ 44,248</u>	<u>\$ -</u>	<u>\$ 1,779,210</u>

LINN COUNTY

SPECIAL REVENUE FUNDS

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

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

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.

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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Oregon State Lottery distribution	\$ 53,000	\$ 53,000	\$ 53,667	\$ 667
Parking fees	28,000	28,000	28,605	605
Sponsorship fees	124,500	124,500	129,300	4,800
Gate fees, carnival fees, entry fees	88,500	88,500	97,759	9,259
Booth revenues, contracts, miscellaneous	<u>101,100</u>	<u>101,100</u>	<u>91,236</u>	<u>(9,864)</u>
TOTAL REVENUES	395,100	395,100	400,567	5,467
EXPENDITURES				
Materials and services	<u>455,100</u>	<u>455,100</u>	<u>433,762</u>	<u>21,338</u>
Excess (deficiency) of revenues over expenditures	(60,000)	(60,000)	(33,195)	26,805
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net change in fund balance	-	-	26,805	26,805
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>46,500</u>	<u>46,500</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	73,305	<u>\$ 73,305</u>
Reconciliation to GAAP basis:				
Due to other Funds			(337)	
Accounts payable			<u>(22,426)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 50,542</u>	

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LAW LIBRARY - SPECIAL REVENUE FUND
Year Ended June 30, 2017**

	Budget	Actual	Variance
	Original/Final		
REVENUES			
Law library fees	\$ 108,519	\$ 108,519	\$ -
Copy and card fees	35	87	52
Interest earnings	900	2,558	1,658
Miscellaneous	<u>10</u>	<u>53</u>	<u>43</u>
TOTAL REVENUES	<u>109,464</u>	<u>111,217</u>	<u>1,753</u>
EXPENDITURES			
Personal services	42,952	39,241	(3,711)
Materials and services	99,800	43,237	(56,563)
Indirect cost allocation	18,329	18,329	-
Capital outlay	20,000	-	(20,000)
Contingency	<u>173,674</u>	<u>-</u>	<u>(173,674)</u>
TOTAL EXPENDITURES	<u>354,755</u>	<u>100,807</u>	<u>(253,948)</u>
Excess (deficiency) of revenues over expenditures	(245,291)	10,410	<u>255,701</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net change in fund balance	(241,291)	14,410	255,701
Fund balance at beginning of year	<u>241,291</u>	<u>241,052</u>	<u>(239)</u>
Fund balance at end of year	<u>\$ -</u>	255,462	<u>\$ 255,462</u>
Reconciliation to GAAP basis:			
Accounts payable		(244)	
Due to other fund		(42)	
Payroll, payroll taxes and benefits payable		<u>(4,702)</u>	
Fund balance (GAAP basis) at end of year		<u>\$ 250,474</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, 2017

REVENUES	Budget		Actual	Variance
	Original	Final		
Commissioners:				
Commissioners' grants	\$ 360,000	\$ 360,000	\$ 357,776	\$ (2,224)
Earnings on deposits	1,900	1,900	3,192	1,292
Reimbursements and miscellaneous fees	460,000	460,000	379,639	(80,361)
Parks:				
Rental payments	9,600	9,600	9,303	(297)
Donations/ Gifts	500	500	1,675	1,175
Grants	712,500	712,500	183,916	(528,584)
Earnings on deposits	310	310	240	(70)
Marine gas tax	73,500	73,500	64,946	(8,554)
RV license fees	440,000	440,000	479,062	39,062
Fair	40,130	40,130	42,188	2,058
Sheriff grants- Support	157,382	157,382	253,849	96,467
Criminal	230,129	230,129	153,535	(76,594)
Corrections	58,500	58,500	57,444	(1,056)
District attorney grants	261,034	261,034	237,071	(23,963)
Dog Control donation	15,000	15,000	19,831	4,831
Juvenile:				
Grants	398,615	408,615	258,723	(149,892)
Contracts and Reimbursements	167,373	167,373	153,398	(13,975)
General Administration -Linn Benton Mediation Gran	75,800	75,800	92,345	16,545
Earnings on deposit	600	600	1,505	905
General services Grants	21,001	202,451	201,964	(487)
Energy Utility Reimbursement	5,000	5,000	9,664	4,664
Fair and Expo	1,020	1,020	-	(1,020)
TOTAL REVENUES	3,489,894	3,681,344	2,961,266	(720,078)

Continued on page 69

**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	\$ 1,117,800	\$ 1,117,800	\$ 815,313	\$ 302,487
Veteran's services	9,207	9,207	-	9,207
Parks grants	1,368,596	1,368,596	743,289	625,307
Fair	76,130	76,130	35,965	40,165
Sheriff Support	157,383	177,383	141,959	35,424
criminal	315,911	351,258	229,622	121,636
corrections	101,500	101,500	84,297	17,203
Dog Control	45,766	45,766	11,088	34,678
District attorney grants	261,034	261,034	223,379	37,655
Juvenile high risk	495,533	505,533	391,753	113,780
General Administration	147,873	147,873	73,574	74,299
General Services	104,008	285,458	243,871	41,587
Fair and Expo	1,020	1,020	-	1,020
Investment Incentive contracts	44,418	44,418	-	44,418
Indirect Cost allocation	12,440	12,440	12,440	-
Contingency/Obligated reserves	92,180	72,180	-	72,180
TOTAL EXPENDITURES	4,350,799	4,577,596	3,006,550	1,571,046
Excess (deficiency) of revenues over expenditures	(860,905)	(896,252)	(45,284)	850,968
OTHER FINANCING SOURCES (USES):				
Transfers in	500	35,847	35,347	(500)
Total other financing sources (uses)	500	35,847	35,347	(500)
Net change in fund balance	(860,405)	(860,405)	(9,937)	850,468
Fund balance of beginning of year	860,405	860,405	859,853	(552)
Fund balance at end of year	\$ -	\$ -	849,916	\$ 849,916
Reconciliation to GAAP basis:				
FMV adjustment			(861)	
Adjust Cash			200	
Accounts Receivable			9,940	
Due from other governments			90,999	
Accounts payable			(40,435)	
Due to other governments			(383)	
Due to other funds			(7,478)	
Payroll, payroll taxes and benefits payable			(64,682)	
Fund balance (GAAP basis) at end of year			\$ 837,216	

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, 2017

	Budget Original/Final	Actual	Variance
REVENUES			
Motor vehicle apportionments	\$ 82,959	\$ 76,486	\$ (6,473)
Grants	-	5,779	\$ 5,779
Interest earnings	700	3,886	3,186
	<u>83,659</u>	<u>86,151</u>	<u>2,492</u>
TOTAL REVENUES			
	<u>83,659</u>	<u>86,151</u>	<u>2,492</u>
EXPENDITURES			
Capital outlay	465,659	-	465,659
	<u>465,659</u>	<u>-</u>	<u>465,659</u>
Net change in fund balance	(382,000)	86,151	468,151
Fund balance at beginning of year	382,000	378,190	(3,810)
	<u>382,000</u>	<u>378,190</u>	<u>(3,810)</u>
Fund balance at end of year	\$ -	464,341	\$ 464,341
Reconciliation to GAAP basis:			
FMV adjustment		(470)	
		<u>(470)</u>	
Fund balance (GAAP basis) at end of year		<u>\$ 463,871</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, 2017**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Interest earnings	\$ 900	\$ 900	\$ 937	\$ (37)
TOTAL REVENUES	900	900	937	1,036
EXPENDITURES				
Materials and services	18,381	18,381	40	18,341
Indirect cost allocation	13,733	13,733	13,733	-
Capital outlay	20,003	20,003	14,022	5,981
Contingency	20,000	20,000	-	20,000
Reserve for Future Years	28,847	28,847	-	28,847
TOTAL EXPENDITURES	100,964	100,964	27,795	73,169
Excess (deficiency) of revenues over expenditures	(100,064)	(100,064)	(26,858)	73,206
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund - Clerks Office	171,000	171,000	190,076	19,076
Transfer to Surveyor Contract/GIS Contract	(173,301)	(173,301)	(166,033)	7,268
Total other financing sources (uses)	(2,301)	(2,301)	24,043	26,344
Net change in fund balance	(102,365)	(102,365)	(2,815)	99,550
Fund balance at beginning of year	102,365	102,365	120,271	17,906
Fund balance at end of year	\$ -	\$ -	117,456	\$ 117,456
Reconciliation to GAAP basis:				
Due to other Funds			(6,768)	
Fund balance (GAAP basis) at end of year			\$ 110,688	

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, 2017**

	Budget Original/Final	Actual	Variance
REVENUES			
Interest earnings	\$ 100	\$ 207	\$ 107
Donations and gifts	2,500	6,278	3,778
TOTAL REVENUES	<u>2,600</u>	<u>6,485</u>	<u>3,885</u>
EXPENDITURES			
Material and services	4,552	-	4,552
Capital outlay	13,100	1,510	11,590
TOTAL EXPENDITURES	<u>17,652</u>	<u>1,510</u>	<u>16,142</u>
Net change in fund balance	(15,052)	4,975	20,027
Fund balance at beginning of year	15,052	17,196	2,144
Fund balance at end of year	<u>\$ -</u>	<u>\$ 22,171</u>	<u>\$ 22,171</u>

LINN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP GUDGETARY BASIS) AND ACTUAL
COUNTY FOREST/PARK - SPECIAL REVENUE FUND
Year Ended June 2017**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Firewood sales and U.S.F.S Camp Grounds	\$ -	\$ -	\$ 19,133	\$ 19,133
Timber sales	250,000	250,000	4,081	(245,919)
Interest earnings	300	300	598	298
TOTAL REVENUES	<u>250,300</u>	<u>250,300</u>	<u>23,812</u>	<u>(226,488)</u>
EXPENDITURES				
Materials and services	64,500	64,500	42,939	21,561
Capital outlay	243,665	243,665	11,940	231,725
TOTAL EXPENDITURES	<u>308,165</u>	<u>308,165</u>	<u>54,879</u>	<u>253,286</u>
Net change in fund balance	(57,865)	(57,865)	(31,067)	26,798
Fund balance at beginning of year	57,865	57,865	75,315	17,450
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,248</u>	<u>\$ 44,248</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, 2017

	Budget Original/Final	Actual	Variance
REVENUES			
State forest land sales	\$ 1,200,000	\$ 559,507	\$ (640,493)
Federal forest land sales	1,000,000	122,977	(877,023)
Private Car Co Tax	5,000	2,109	(2,891)
Electric co-op tax	85,000	93,250	8,250
Miscellaneous fees	300	-	(300)
Interest earnings	800	656	(144)
TOTAL REVENUES	<u>2,291,100</u>	<u>778,499</u>	<u>(1,512,601)</u>
EXPENDITURES			
Materials and Services	<u>2,291,100</u>	<u>778,499</u>	<u>1,512,601</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
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, 2017

	Budget		Actual	Variance
	Original Budget	Final		
REVENUES				
Reimbursements	\$ 260,000	\$ 260,000	\$ 199,573	\$ (60,427)
Interest earnings	1,200	1,200	5,057	3,857
TOTAL REVENUES	<u>261,200</u>	<u>261,200</u>	<u>204,630</u>	<u>(56,570)</u>
EXPENDITURES				
Program management	3,000	3,000	1,952	1,048
Claim payments	160,000	160,000	18,941	141,059
Contingency	278,200	228,200	-	278,200
TOTAL EXPENDITURES	<u>441,200</u>	<u>391,200</u>	<u>20,893</u>	<u>420,307</u>
Excess (deficiency) of revenues over expenditures	(180,000)	(130,000)	183,737	(476,877)
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(325,000)	(375,000)	(175,000)	150,000
Total other financing sources (uses)	<u>(325,000)</u>	<u>(375,000)</u>	<u>(175,000)</u>	<u>150,000</u>
Net change in fund balance	(505,000)	(505,000)	8,737	513,737
Fund balance at beginning of year	505,000	505,000	515,157	10,157
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	523,894	<u>\$ 523,894</u>
Reconciliation to GAAP basis:				
FMV adjustment			(530)	
Due from other funds and available			11,913	
Due to other governments			(5,064)	
Claims liability			(171,255)	
Net position at end of year			<u>\$ 358,958</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, 2017

	Balances June 30, 2016	Additions	Deductions	Balances June 30, 2017
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 298,509	\$ 147,258,237	\$ 147,248,954	\$ 307,792
<u>Liabilities</u>				
Amounts held in trust	\$ 298,509	\$ 147,258,237	\$ 147,248,954	\$ 307,792
Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 326,493	\$ 2,578,055	\$ 2,302,059	\$ 602,489
Accounts receivable	563,924	709,063	563,924	709,063
Total assets	<u>\$ 890,417</u>	<u>\$ 3,287,118</u>	<u>\$ 2,865,983</u>	<u>\$ 1,311,552</u>
<u>Liabilities</u>				
Due to other governments	563,924	709,063	563,924	709,063
Amounts held in trust	326,493	2,578,055	2,302,059	602,489
Total liabilities	<u>\$ 890,417</u>	<u>\$ 3,287,118</u>	<u>\$ 2,865,983</u>	<u>\$ 1,311,552</u>
Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 1,104,858	\$ 147,258,237	\$ 147,813,996	\$ 549,099
Property taxes receivable	11,321,650	11,903,383	11,321,650	11,903,383
Total assets	<u>\$ 12,426,508</u>	<u>\$ 159,161,620</u>	<u>\$ 159,135,646</u>	<u>\$ 12,452,482</u>
<u>Liabilities</u>				
Due to other governments	\$ 563,924	\$ 709,063	\$ 563,924	\$ 709,063
Amounts held in trust	11,862,584	147,258,237	147,377,402	11,743,419
Total liabilities	<u>\$ 12,426,508</u>	<u>\$ 147,967,300</u>	<u>\$ 147,941,326</u>	<u>\$ 12,452,482</u>

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

	Balances June 30, 2016	Additions	Deductions	Balances June 30, 2017
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 79,824	\$ 831,023	\$ 839,427	\$ 71,420
Accounts receivable	545,406	515,778	545,406	515,778
Total assets	<u>\$ 625,230</u>	<u>\$ 1,346,801</u>	<u>\$ 1,384,833</u>	<u>\$ 587,198</u>
<u>Liabilities</u>				
Due to other governments	\$ 19,081	\$ 22,178	\$ 19,081	\$ 22,178
Amounts held in trust	606,149	1,324,623	1,365,752	565,020
Total liabilities	<u>\$ 625,230</u>	<u>\$ 1,346,801</u>	<u>\$ 1,384,833</u>	<u>\$ 587,198</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 94,208	\$ 725,323	\$ 741,087	\$ 78,444
Due from other governments	62,815	73,080	62,815	73,080
Total assets	<u>\$ 157,023</u>	<u>\$ 798,403</u>	<u>\$ 803,902</u>	<u>\$ 151,524</u>
<u>Liabilities</u>				
Accounts payable	\$ 36,136	\$ 22,289	\$ 36,136	\$ 22,289
Amounts held in trust	120,887	776,114	767,766	129,235
Total liabilities	<u>\$ 157,023</u>	<u>\$ 798,403</u>	<u>\$ 803,902</u>	<u>\$ 151,524</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 1,903,892	\$ 298,650,875	\$ 298,945,523	\$ 1,609,244
Property taxes receivable	11,321,650	11,903,383	11,321,650	11,903,383
Accounts receivable	1,109,330	1,224,841	1,109,330	1,224,841
Due from other governments	62,815	73,080	62,815	73,080
Total assets	<u>\$ 14,397,687</u>	<u>\$ 311,852,179</u>	<u>\$ 311,439,318</u>	<u>\$ 14,810,548</u>
<u>Liabilities</u>				
Accounts payable	\$ 36,136	\$ 22,289	\$ 36,136	\$ 22,289
Due to other governments	946,353	1,440,304	1,146,929	1,440,304
Amounts held in trust	12,872,883	299,195,266	299,061,933	13,347,955
Total liabilities	<u>\$ 13,855,372</u>	<u>\$ 300,657,859</u>	<u>\$ 300,244,998</u>	<u>\$ 14,810,548</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, 2017

	Assessor	Clerk	Commis- sioners	District Attorney	Justice Courts Central Linn/ Lebanon	Sheriff	Surveyor	Tax Collector	Treasurer	Totals
On hand - June 30, 2016 (1)	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 96,483	\$ -	\$ 50	\$ 650	\$ 34,162,509	\$ 34,262,812
Receipts	682,077	1,301,672	740,606	440,592	831,023	4,946,067	515,235	147,258,237	147,678,447	304,393,956
Turnovers and disbursements:										
To County Treasurer	(682,077)	(1,301,672)	(740,606)	(440,592)	(599,389)	-	(515,235)	(147,258,237)		(151,537,808)
To Others	-	-	-	-	(256,697)	(4,946,067)	-	-	(155,689,970)	(160,892,734)
On hand - June 30, 2017 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 71,420</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 26,150,986</u>	<u>\$ 26,226,226</u>
(1) Consists of:										
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,662,445	16,662,445
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	9,487,973	9,487,973
Due to County Treasurer	-	-	-	-	(48,188)	-	-	-	-	(48,188)
Due to State of Oregon	-	-	-	-	(22,178)	-	-	-	-	(22,178)
Change and revolving funds	870	200	50	2,000	141,786	-	50	650	568	146,174
Totals	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 71,420</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 26,150,986</u>	<u>\$ 26,226,226</u>

LINN COUNTY

SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2017

Tax Year	Receivable 6/30/2016	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable 6/30/2017
2016-17	\$ -	\$ 152,350,199	\$ 3,935,539	\$ 75,796	\$ 143,098,790	\$ (348,254)	\$ 5,043,412
2015-16	5,380,245		(58)	164,913	2,220,914	(189,032)	3,135,270
2014-15	3,104,409		(7)	156,460	857,736	(171,429)	2,231,711
2013-14	2,240,726	0	0	203,983	702,321	(216,583)	1,525,805
2012-13	1,338,172	0	0	111,962	318,059	(122,750)	1,009,325
2011-12	914,990	0	0	15,915	30,370	(27,061)	873,474
2010-11	750,009	0	0	7,284	11,454	(16,535)	729,304
prior	705,994	0	0	18,153	18,593	(19,011)	686,543
Totals	\$ 14,434,545	\$ 152,350,199	\$ 3,935,474	\$ 754,466	\$ 147,258,237	\$ (1,110,655)	\$ 15,234,844

Fund	
General	\$ 1,156,627
Law Enforcement 4-Year Levy	2,048,373
Veterans Home Loan	126,461
Agency	11,903,383
Total	\$ 15,234,844



STATISTICAL SECTION

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends	80-85
<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	86-89
<i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	
Debt Capacity	90-93
<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	94-96
<i>These schedules present information to help the reader understand the environment within which the county's financial activities take place.</i>	
Operating Information	97-99
<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>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>	<u>2017</u>
Primary government activities										
Net investment in capital assets	\$ 166,879	\$ 170,723	\$ 173,806	\$ 175,712	\$ 176,725	\$ 179,484	\$ 187,332	\$ 192,271	\$ 199,587	\$ 210,236
Restricted	553	-	-	-	-	-	29,338	31,758	16,355	18,697
Unrestricted	39,634	42,598	38,995	25,003	23,634	22,745	(3,933)	(10,081)	(23,029)	(37,860)
Total Primary government net position	<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>	<u>\$ 191,073</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General administration and support	\$ 6,025	\$ 7,595	\$ 6,569	\$ 6,288	\$ 6,160	\$ 7,066	\$ 5,767	\$ 5,480	\$ 8,236	\$ 8,338
Local government services	3,389	3,565	3,442	3,199	3,371	3,222	3,217	2,676	4,411	3,982
Public safety	27,628	31,132	32,367	31,306	31,413	29,599	30,427	22,864	46,278	36,889
Health services	15,344	16,502	17,566	18,799	20,247	20,066	20,725	20,536	32,142	28,925
Community development	6,643	7,775	8,269	19,636	6,477	5,552	6,846	6,171	9,677	8,946
Highways and streets	11,604	12,032	12,597	13,019	12,404	10,789	9,606	9,590	13,380	12,713
Apportionments to school districts	2,851	2,676	2,667	2,321	1,314	1,405	2,000	1,733	1,539	779
Interest on long term debt	54	24	13	-	-	267	279	-	-	-
Total primary government expenses	\$ 73,538	\$ 81,301	\$ 83,490	\$ 94,568	\$ 81,386	\$ 77,966	\$ 78,867	\$ 69,050	\$ 115,663	\$ 100,572
Program Revenues										
Governmental Activities										
Fees, Fines, and Charges for service										
General government	\$ 1,924	\$ 1,929	\$ 1,944	\$ 1,617	\$ 1,491	\$ 1,826	\$ 1,093	\$ 1,519	\$ 1,529	\$ 1,419
Public Safety	3278	3,647	3,835	3,194	2,902	3,119	2,466	2,559	3,257	2,360
Health services	1501	1,356	1,432	1,191	1,185	2,820	952	1,021	1,072	907
Roads	1758	1,335	1,371	1,141	1,760	1,540	2,735	2,615	2,942	4,330
Community Development	2952	2,790	2,647	2,204	2,958	3,223	2,558	3,084	3,125	3,002
Operating Grants and Contributions	34830	41,017	34,500	37,367	36,972	32,996	35,718	39,490	37,357	40,852
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total program revenues	\$ 46,243	\$ 52,074	\$ 45,729	\$ 46,714	\$ 47,268	\$ 45,524	\$ 45,522	\$ 50,288	\$ 49,282	\$ 52,870
General Revenue change in Net Position	\$ (27,295)	\$ (29,227)	\$ (37,761)	\$ (47,854)	\$ (34,118)	\$ (32,442)	\$ (33,345)	\$ (18,762)	\$ (66,381)	\$ (47,702)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 24,644	\$ 25,389	\$ 25,285	\$ 25,137	\$ 26,373	\$ 26,464	\$ 27,561	\$ 30,077	\$ 31,765	\$ 34,023
Interest and investment earnings	1,930	1,082	479	338	107	117	416	80	314	159
Capital contribution	-	-	-	-	-	-	-	-	-	-
Loss of sale of capital assets	2	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	7,236	9,010	11,478	10,292	7,283	9,952	15,876	12,569	13,267	11,680
Total primary governmental activities	33,812	35,481	37,242	35,767	33,763	36,533	43,853	42,726	45,346	45,862
Change in Net Position	\$ 6,517	\$ 6,254	\$ (519)	\$ (12,087)	\$ (355)	\$ 4,091	\$ 10,508	\$ 23,964	\$ (21,035)	\$ (1,840)

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>
2008	\$ 24,644	\$ 43,082	\$ 5,712	\$ 3,820	\$ 2,797	\$ 80,055
2009	24,966	47,818	6,631	4,608	2,413	86,436
2010	25,284	45,360	6,667	4,445	1,215	82,971
2011	25,137	46,771	5,708	3,842	1,022	82,480
2012	26,341	44,014	6,178	4,118	505	81,156
2013	26,464	42,546	7,517	5,011	518	82,056
2014	27,561	50,827	6,343	4,228	1249	90,208
2015	29,852	51,291	6,479	4,320	2290	94,232
2016	31,577	50,392	7,155	4,770	2580	96,474
2017	33,841	50,246	7,774	5,183	2859	99,903

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Non spendable										
Committed to										
Interfund loan										
Assigned to										
Unassigned	\$ (447)	\$ (743)	\$ (1,188)	\$ (2,199)	\$ (4,511)	\$ (6,062)	\$ (5,514)	\$ (6,284)	\$ (7,197)	\$ (9,041)
Total general fund	(447)	(743)	(1,188)	(2,199)	(4,511)	(6,062)	(5,514)	(6,284)	(7,197)	(9,041)
All other governmental funds										
Non spendable										
Inventories	1,541	1,580	1,719	1,452	1,164	1,051	1,299	1,076	1,327	1,950
Committed to										
Interfund loan	1,920	1,774	2,787	2,258	2,629	14,582	14,613	13,747	15,610	13,653
Capital Projects				5,419	3,070	2,229				
Restricted for										
Roads	33,702	36,387	32,444	14,010	16,355	18,033	20,318	20,840	16,432	15,669
Public Safety						57				334
Health Services	2,181	2,671	3,748	5,112	6,629	5,079	6,059	8,012	7,590	2,838
Grants/Minor Funds	2,453	2,046	1,449	1,160	1,467	1,344	1,662	1,831	1,575	1,842
Assigned to										
Unassigned	(718)	(303)	(403)	(758)	(850)	(11,068)	(10,868)	(9,156)	(7,434)	(5,812)
Total all other governmental funds	\$ 41,079	\$ 44,155	\$ 41,744	\$ 28,653	\$ 30,464	\$ 31,307	\$ 33,083	\$ 36,350	\$ 35,100	\$ 30,474

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 24,506	\$ 24,961	\$ 25,170	\$ 24,941	\$ 26,341	\$ 26,595	\$ 27,100	\$ 29,853	\$ 31,577	\$ 33,841
Licenses and Permits	3,049	4,607	4,421	3,739	4,118	4,016	3,959	4,321	4,770	5,183
Intergovernmental	43,082	47,819	45,360	46,771	44,015	42,546	50,827	51,292	50,393	50,247
Charges for services	6,632	6,630	6,631	5,608	6,177	6,025	5,940	6,479	7,155	7,774
Investment earnings	1,889	1,054	487	422	121	480	422	325	521	413
Miscellaneous	909	1,358	727	600	384	212	225	223	192	243
Indirect cost reimbursement	-	-	-	-	-	1,710	1,736	1,739	1,866	2,202
Total revenues	80,067	86,429	82,796	82,081	81,156	81,584	90,209	94,232	96,474	99,903
Expenditures										
General government (local government)	9,025	9,957	9,179	9,039	8,993	8,703	8,250	9,404	9,621	10,862
Public Safety	27,485	30,267	31,908	30,965	30,991	29,155	29,889	29,546	35,346	32,540
Health Services	15,288	16,387	17,419	18,822	20,175	20,043	20,626	24,858	24,643	26,884
Community development	8,343	7,769	7,904	19,663	6,224	6,458	6,395	6,765	7,541	8,462
Highways and streets	16,488	15,905	16,267	15,374	13,959	9,808	8,468	10,745	11,691	16,385
Apportionments to school districts	2,851	2,676	2,667	2,321	1,314	1,406	2,000	1,733	1,539	778
Capital outlay	-	-	-	-	-	4,741	10,242	6,704	6,178	8,175
Indirect cost allocation	-	-	-	-	-	1,710	1,736	1,733	1,866	2,202
Debt service										
Principal	759	663	295	-	-	-	-	-	-	-
Interest	54	25	13	-	-	267	279	247	211	260
Total expenditures	80,293	83,649	85,652	96,184	81,656	82,291	87,885	91,735	98,636	106,548
Excess of revenues over (under) expenditures	(226)	2,780	(2,856)	(14,103)	(500)	(707)	2,324	2,497	(2,162)	(6,645)
Other financing sources (uses)										
Transfers in	6,191	5,547	4,293	3,643	4,046	2,201	1,958	1,982	1,915	1,832
Transfers out	(6,191)	(5,547)	(4,293)	(3,643)	(4,046)	(2,201)	(1,958)	(1,982)	(1,915)	(1,657)
Refunding Bond issue										
Payments to refunded bond escrow agent										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	175
Net change in fund balances	\$ (226)	\$ 2,780	\$ (2,856)	\$ (14,103)	\$ (500)	\$ (707)	\$ 2,324	\$ 2,497	\$ (2,162)	\$ (6,470)
Debt service as a percentage on noncapital expenditures	1.0%	0.8%	0.4%	0.0%	0.0%	0.3%	0.3%	0.3%	0.2%	0.2%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
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
2016-2017	4,738,912	33,984,225	11,523,740	50,246,877	417

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

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

Fiscal Year Ended June 30	Real Property	Manufactured Structures	Personal	Utilities	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value	Assessed Value as a Percentage of Actual Value
2008	\$ 6,514,208	\$ 118,307	\$ 241,961	\$ 241,048	\$ 21,988	\$ 7,093,536	\$ 4	\$ 10,398,773	68.22%
2009	6,843,926	113,772	252,789	245,359	23,505	7,432,340	3.6232	10,710,762	69.39%
2010	7,110,783	114,486	254,022	306,826	25,380	7,760,737	3.6100	12,381,258	62.68%
2011	7,361,380	113,366	231,304	328,812	27,519	8,007,343	4.0436	10,879,896	73.60%
2012	7,416,487	108,088	228,878	393,791	28,110	8,119,134	4.0436	10,572,478	76.79%
2013	7,639,006	107,561	240,404	396,669	27,141	8,356,499	4.0436	10,815,138	77.27%
2014	7,932,202	108,688	254,054	425,703	30,625	8,690,022	4.2900	11,395,676	76.26%
2015	8,214,875	112,203	275,483	446,542	31,384	9,017,719	4.2936	12,118,178	74.41%
2016	8,543,774	121,034	296,402	460,848	32,034	9,390,024	4.2936	13,241,005	70.92%
2017	8,915,128	128,910	304,072	485,257	33,193	9,800,174	4.2936	14,532,083	67.44%

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

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

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

Fiscal Year	Cities			Rural Fire Districts		Schools Districts				Linn-Benton Community College	
	Linn County	Albany	Lebanon	Sweet Home	Albany	Lebanon	Albany	(1) Lebanon	Sweet Home		Central Linn
2008	3.69	7.86	6.40	8.66	2.15	2.50	6.17	7.17	6.63	5.04	0.67
2009	3.62	7.77	6.25	8.67	2.15	2.49	6.20	7.12	6.58	5.21	0.68
2010	3.61	7.78	6.19	8.66	2.15	2.48	6.23	7.09	6.60	5.06	0.68
2011	4.04	7.51	5.86	8.63	2.15	2.47	6.19	7.25	6.69	4.62	0.68
2012	4.04	7.50	6.18	8.64	2.15	2.48	6.20	7.01	7.00	6.27	0.67
2013	4.04	7.66	5.67	8.64	2.15	2.48	6.31	7.02	7.01	4.62	0.69
2014	4.29	7.59	5.64	8.64	2.15	2.47	6.32	7.08	6.99	4.62	0.68
2015	4.29	7.48	5.47	8.64	2.15	2.47	6.29	6.94	6.96	5.03	0.68
2016	4.29	7.51	5.30	10.43	2.15	2.46	6.08	7.02	6.94	4.62	0.68
2017	4.29	7.48	5.68	10.44	2.15	2.46	6.89	6.94	6.92	4.62	0.67

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, 2017

Principal Taxpayers	Type of Business	2017			2008		
		2016-17 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2007-08 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fort James Operating Co.	Timber & Forest Products	\$ 111,843	1	1.19%	\$ 148,520	2	2.09%
Pacific Power & Light (PacifiCorp)	Utility	106,300	2	1.13%	77,010	6	1.09%
Lowes HIW Inc	Retail distribution	92,739	4	0.99%			
Wah Chang	Rare Metals	90,012	3	0.96%	83,020	4	1.17%
Centurylink	Communications	70,756	5	0.75%			
Target Corporation	Retail distribution	70,007	6	0.75%	135,030	3	1.90%
Comcast Corporation	Communications	65,003	7	0.69%	372,150	1	5.25%
Weyerhaeuser Company/ Willamette	Timber & Forest Products	64,919	8	0.69%	68,650	7	0.97%
Northwest Natural Gas	Utility	64,795	9	0.69%			
Entek Manufacturing Inc.	Plastic Manufacturing				82,021	5	1.16%
Oregon Freeze Dry Foods Inc	Produce Processing	41,266	10	0.44%	55,320	9	0.78%
Pope & Talbot	Reconstituted Wood Products				53,811	10	0.76%
Oregon Metallurgical Corp	Rare Metals				62,530	8	0.88%
Total Principal Taxpayers		<u>777,640</u>		<u>8.28%</u>	<u>1,138,062</u>		<u>16.04%</u>
Totals		<u>\$ 9,390,023</u>		<u>100%</u>	<u>\$ 7,093,535</u>		<u>100%</u>

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

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	26,995	25,834	95.30%	995	26,830	99.39%
2012	27,337	25,486	93.23%	1,653	27,139	99.28%
2013	27,650	26,572	96.61%	849	27,421	99.17%
2014	30,476	29,196	95.80%	934	30,130	98.86%
2015	30,476	29,318	96.20%	652	29,970	98.34%
2016	32,523	31,320	96.30%	492	31,812	97.81%
2017	34,504	33,331	96.60%	-	-	

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 141,431	\$ 149,117	\$ 155,722	\$ 154,021	\$ 160,147	\$ 16,269	\$ 173,800	\$ 180,982	\$ 187,800	\$ 196,003
Total net debt applicable to limit	12	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 141,419	\$ 149,117	\$ 155,722	\$ 154,021	\$ 160,147	\$ 16,269	\$ 173,800	\$ 180,982	\$ 187,800	\$ 196,003
Total net debt applicable to the limit as a percentage of debt limit	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Estimated Actual Taxable Value	9,800,174
Debt limit (2% of total assessed value)	196,003,480
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net application to limit	-
Legal Debt Margin	<u><u>\$ 196,003,480</u></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
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						
2017	122,315	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
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	-	-
2017	0	9,833,369	0	0	9,800,174	-	-

LINN COUNTY
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2017

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	17,235	72.18%	12,440
Brownsville	6,070	100.00%	6,070
Halsey	-	100.00%	-
Harrisburg	-	100.00%	-
Lebanon	12,565	100.00%	12,565
Mill City	850	75.63%	643
Millersburg	-	100.00%	-
Sodaville	16	100.00%	16
Sweet Home	-	100.00%	-
Community Colleges:			
Chemeketa	76,460	99.00%	75,695
Lane	47,980	1.14%	547
School Districts:			
Linn-Benton	32,715	48.24%	15,782
Corvallis	18,660	2.10%	392
Central Linn	-	100.00%	-
Eugene	278,065	7.00%	19,465
Lane , Marcola	7,285	0.40%	29
Greater Albany	-	75.05%	-
Harrisburg	860	90.27%	776
Jefferson	-	6.90%	-
Lebanon Community	39,895	100.00%	39,895
North Santiam	20,990	20.43%	4,288
Santiam Canyon	-	45.97%	-
Scio	-	100.00%	-
Sweet Home	12,500	100.00%	12,500
Willamette ESD	-	0.76%	-
Water Districts:			
Grand Prairie	457	100.00%	457
Rural Fire Districts:			
Jefferson	-	40.83%	-
Brownsville	1,215	100.00%	1,215
Idanha-Detroit	-	7.54%	-
Lebanon	1,530	100.00%	1,530
Harrisburg	6,285	100.00%	6,285
Lyons	-	100.00%	-
Stayton	659	10.24%	67
Sweet Home Fire/Ambulance	-	100.00%	-
Total Overlapping	<u>582,292</u>		<u>210,658</u>
Total Direct and Overlapping	<u>\$ 582,292</u>		<u>\$ 210,658</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**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>County Personal Income</u>	<u>(2) Per Capita Income</u>	<u>(3) School Enrollment</u>	<u>(2) Unemployment Rate (%)</u>	<u>(4) Marriage Licenses</u>	<u>(6) Linn County Employees</u>
2008	109,320	\$ 3,462,515	\$ 30,117	(5)	6.5	825	650
2009	110,185	3,345,707	28,842	17,855	15.4	838	660
2010	111,355	3,397,054	29,070	20,094	12.7	823	646
2011	116,672	3,553,431	30,083	(5)	11.4	744	651
2012	117,340	3,667,273	30,984	18,068	10.8	873	662
2013	118,035	(5)	(5)	18,325	9.9	792	603
2014	118,665	(5)	(5)	22,523	8.4	812	605
2015	119,705	(5)	25,155	21,617	7.0	836	635
2016	120,860	(5)	(5)	18,347	6.2	836	636
2017	122,315			18,567	4.4	816	676

(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*

**LINN COUNTY
PRINCIPAL EMPLOYERS
June 30, 2017**

Employer	2017			2008		
	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	1,050	2	2.4%	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	1.7%
Target Distribution Center	500	5	1.1%	631	7	1.5%
Selmet	500	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%
Georgia-Pacific/GP				530	8	1.3%
Smoke-Craft				290	10	0.7%
Totals			<u>9.3%</u>			<u>9.6%</u>
Number of people employed in Linn County			44,360			42,320

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, 2017

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Community Development	50	53	53	66	65	67	71	69	68	71
General Administration	41	42	39	42	42	36	42	42	43	41
Health Services	221	208	190	176	178	184	187	180	171	174
Highways and Streets	63	62	67	75	73	76	85	84	84	76
Local Government Service	34	38	36	31	31	30	33	38	40	41
Public Safety	234	242	245	232	233	231	258	261	278	272
Total	643	645	630	622	622	624	676	674	684	675

Note: The Full time equivalent for is based upon calculations of FTE employees paid during the period for actual hours worked.

Information provided by the Linn County payroll department

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

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sheriff										
Jail Bookings	6497	6523	6128	6322	6,144	6,206	5,938	6,574	7,089	7,425
Highways and streets										
Road surface improvements (miles)	63.79	58.93	49.45	32	51	46	62	85	57	48
Parks										
Picnic shelter rentals	264	200	223	212	169	260	190	211	179	168
Clerk's Office										
Documents recorded	25321	23683	20442	20878	26,758	24,178	24,964	27,544	29,026	34,314
Marriage Licenses issued	816	816	836	749	792	873	744	823	838	825
Registered Voters	80474	69202	64264	62509	63,622	60,738	59,785	58,755	61,607	59,836
Planning										
Building permits	1680	1494	1333	1353	1,226	1,123	1,198	1,190	1,567	1,794
Contract Cities	956	701	596	497	426	374	364	402	365	668
Electrical permits	1972	1631	1505	1335	1,312	1,335	1,199	1,342	1,616	2,167
Planning permits	794	757	642	670	613	519	509	537	642	855
Health										
Alcohol and Drug clients	1001	904	903	763	790	830	857	887	858	776
Developmentally Disabled clients	1096	909	776	842	747	736	724	717	635	620
Environmental Health service contacts	1892	1649	1942	2642	2,460	2,742	2,622	2,483	2,615	3,126
Mental Health clients	4673	5647	5036	4273	4,662	3,857	3,773	3,902	4,487	4,084
Public Health	10844	14583	15867	13756	12,672	13,251	13,085	13,197	7,713	8,307
Women, Infants, and children clients	5490	5721	5810	6021	6,052	6,521	6,418	6,285	5,849	5,780
Fairgrounds										
Willamette building (hours of use)	8259	6642	6176	5550	5,604	5,200	6,196	4,856	1,719	2,206
Calapooia Arena (hours of use)	1952	1926	1845	2042	1,918	1,995	1,749	2,076	2,772	2,825
Santiam center (hours of use)	1540	1503	1373	1146	1,203	1,315	1,594	1,388	1,791	2,356
Cascade livestock building (hours of use)	4305	4124	4107	3793	3,900	3,836	3,500	3,895	1,507	1,474

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Police:										
Stations	8	8	7	7	7	7	7	7	7	7
Patrol Units	55	55	55	55	55	55	53	54	53	52
Police service dogs	1	1	1	1	1	1	1	3	4	4
Culture and recreation										
Parks acreage	1369	1364	1364	1364	1360	1360	1360	1360	1200	1202
Parks	24	24	24	24	23	23	22	22	22	18
Picnic shelters	13	13	13	13	13	13	13	13	13	12
General Services										
Motor pool vehicles	80	79	76	78	78	82	80	83	83	83
Roads										
All Public Roads (includes local access (miles)	1155	1155	1153	1153	1153	1153	1153	1154	1,148	1,148
Bridges	335	336	336	336	329	329	329	329	329	329

Information provided by Linn County elected officials and department managers.

LINN COUNTY, OREGON
General Government Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Administration	Local Government Services		Public Safety	Health Services	Community Development	Highways and Streets		Education	Capital Outlay	Indirect Cost Allocation	Debt Service	Totals	Portland, Oregon Consumer Index (U) (1982-84)	Per Capita
		Government Services	Public Safety				Highways and Streets	Education							
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	2,667,222	-	-	307,832	85,652,618	217.5	769.19		
2010-2011	5,697,524	3,341,122	30,965,440	18,822,560	1) 19,663,245	15,373,606	2,320,828	-	-	-	76,521,080	219.1	655.86		
2011-2012	5,657,757	3,335,274	30,991,422	20,174,727	6,224,219	13,958,809	1,314,484	-	-	-	81,656,692	226.0	695.90		
2012-2013	5,511,126	3,191,808	29,155,216	20,043,224	6,457,929	9,808,537	1,405,596	4,741,212	1,710,610	266,709	82,291,967	231.8	697.18		
2013-2014	5,081,149	3,169,212	29,889,155	20,626,039	6,395,095	8,467,424	1,999,835	10,241,664	1,736,315	279,447	87,885,335	233.6	740.62		
2014-2015	5,976,827	3,424,956	29,546,251	24,856,327	6,764,848	10,743,588	1,733,163	6,703,094	1,739,461	246,921	91,735,436	242.7	766.35		
2015-2016	6,312,665	3,308,064	35,345,739	24,643,028	7,540,995	11,691,535	1,538,719	6,177,945	1,866,919	210,770	98,636,379	247.5	816.12		
2016-2017	7,223,740	3,638,210	32,540,288	26,883,838	8,461,930	16,385,036	778,499	8,174,975	2,202,327	259,985	106,548,828	258.0	867.32		

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

1/9/2018; 9:00 AM

Ending June 30, 2017

Insurance Coverage 16-17 /Excel/audit

<u>POLICY NUMBER</u>	<u>COMPANY</u>	<u>COVERAGE</u>	<u>AMT OF COVERAGE</u>	<u>POLICY PERIOD</u>	
				<u>FROM</u>	<u>TO</u>
28337	SAIF Corporation	Standard workers' compensation and employers' liability policy	\$ 500,000	7/1/2016	7/1/2017
		Bodily injury by accident - each accident	\$ 500,000		
		Bodily injury by disease - each employee	\$ 500,000		
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	7/1/2016	7/1/2017
15APDLINC	City/County Insurance Services	Comprehensive general liability Automobile - Self-Insured Loss Funds	\$ 50,000 \$ 50,000	7/1/2016 7/1/2016	7/1/2017 7/1/2017
15BLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown	\$ 100,000,000	7/1/2016 7/1/2017
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 w/basic coverage) 100,000 250,000 100,000 150,000 25,000 5,000,000 5,000,000 300,000 300,000	7/1/2016 7/1/2017

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Ending June 30, 2017

1/9/2018, 9:00 AM

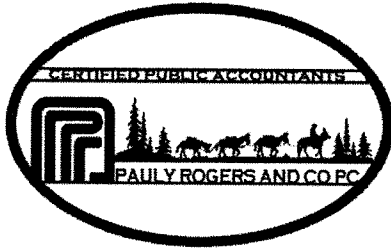
Insurance Coverage 16-17 /Excel/audit

<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	7/1/2016	7/1/2017		
			Crime Coverage	50,000				
			Police Dogs	15,000				
			Personal Property at Unscheduled Locations	15,000				
			Personal Property of Employees or Volunteers	15,000				
			Unscheduled Fine Arts	100,000				
			Miscellaneous Coverage	50,000				
		<hr/>						
		15CLINC	Rhodes-Warden Ins., Inc (National Union Fire Insurance Company of Pitts, PA)	Excess Crime Coverage (Deductible \$10,000)	Employee Theft	\$ 500,000	7/1/2016	7/1/2017
	Forgery or Altercation			500,000				
	Inside Premises-Theft of Money & Securities			500,000				
	Inside Premises-Robbery, Safe Burglary, Other			500,000				
	Outside the Premises			500,000				
	Computer Fraud			500,000				
	Money Orders & Counterfeit Paper Currency			500,000				
	Funds Transfer Fraud			500,000				
	Faithful Performance of Duty (Subject to \$1,000 Deductible)			500,000				
<hr/>								



*AUDIT COMMENTS
& DISCLOSURES*

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
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January 17, 2018

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, 2017, and have issued our report thereon dated January 17, 2018. 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.

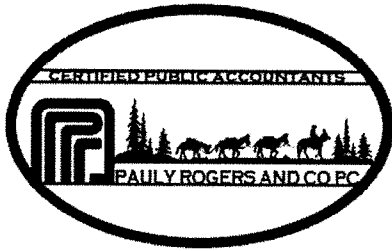
OAR 162-10-0230 Internal Control

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
PAULY, ROGERS AND CO., P.C.



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January 17, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 17, 2018.

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

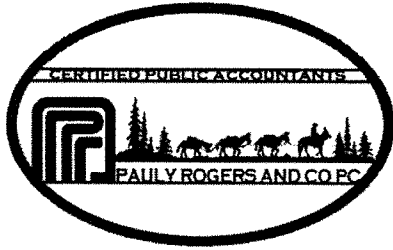
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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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January 17, 2018

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, 2017. 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, 2017.

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, 2017

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

Auditee qualified as low-risk auditee?

yes

no

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, 2017

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, 2017.

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, 2017

GRANTS

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Food and Nutrition Service				
<i>Passed through Oregon Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	NA	\$ 8,136	\$ -
National Lunch Program	10.555	NA	15,064	-
National Lunch Program -Food Donations for Commodities	10.555	NA	1,395	-
CNP SAE 2016 Allocation	10.556	NA	295	-
Total Child Nutrition Cluster			<u>24,890</u>	<u>-</u>
Forest Service				
<i>Passed through Department of Human Resources Health Division:</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	F37009	649,416	-
<i>Passed through Department of Administrative Services:</i>				
Schools and Roads – Grants to State				
Federal Forest PL 106-393 Title I	10.665	99999 AGR665	491,907 (1)	122,977
Federal Forest Title II	10.665	99999 AGR665	40,718 (1)	-
Federal Forest Title II	10.665	99999 AGR665	110,000 (1)	-
Total U.S. Department of Agriculture			<u>1,316,931</u>	<u>122,977</u>
<u>U.S. Department of the Interior</u>				
Bureau of Land Management				
Direct Programs:				
Bureau of Land Management PL 106-393 Title I	10.665	99999 AGR665	496,384 (1)	-
Payments in Lieu of Taxes	15.226	NA	207,163	-
Distribution of Receipts to State and Local Government	15.227	NA	22	-
Fish and Wildlife Service				
<i>Passed through Oregon Marine Board:</i>				
Clean Vessel Act	15.616	NA	124,339	-
Total U.S. Department of the Interior			<u>\$ 827,908</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>Pass Through Entity Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Justice</u>				
<i>Passed through Oregon Department of Justice:</i>				
Office of Victims of Crime				
Crime Victim Assistance	16.575	NA	\$ 150,576	\$ -
Total U.S. Department of Justice			<u>150,576</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Federal Highway Administration				
<i>Passed through Oregon Department of Transportation:</i>				
Highway Planning and Construction	20.205	NA	804,282	-
Grants for Other than Urbanized Areas	20.509	NA	153,163	153,163
Capital Assistance Program for Elderly Persons	20.513	NA	236,785	236,785
Total U.S. Department of Transportation			<u>1,194,230</u>	<u>389,948</u>
<u>U.S. General Services Administration</u>				
<i>Passed through Department of Administrative Services:</i>				
Donation of Federal Surplus Personal Property	39.003	NA	9,615	-
Total U.S. General Services Administration			<u>9,615</u>	<u>-</u>
<u>U.S. 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	41,602	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	NA	37,568	-
<i>Passed through Business Oregon:</i>				
Brownsfields Assesment and Cleanup	66.818	NA	181,450	-
Total U.S. Environmental Protection Agency			<u>\$ 260,620</u>	<u>\$ -</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>				
Office of Population Affairs				
<i>Passed through Oregon Health Authority</i>				
Family Planning - Services	93.217	PRIOR FPHPA10000204	\$ 113,549	\$ -
Centers for Disease Control				
<i>Passed through Oregon Department of Human Resources Health Division:</i>				
Organized Approaches to Increase Colorectal Cancer Screening	93.800	NA	17,293	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke	93.757	NA	915	-
Public Health Emergency Preparedness	93.069	NA	90,617	-
Environmental Public Health and Emergency Response	93.070	NA	17,593	-
Sodium Reduction in Communities	93.082	1U58 DP004941 01	4,248	-
Health Resources and Services Administration				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52 CCU000504 28	213	-
HIV Care Formula Grants	93.917	X07HA00007	25,428	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	NA	5,990	-
Maternal and Child Health Services Block Grant to the States	93.994	NA	59,326	-
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	83,965	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NA	317,699	-
Total U.S. Department of Health and Human Services			<u>736,836</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Federal Emergency Management Agency				
<i>Passed through Oregon State Police:</i>				
Boating Safety Financial Assistance	97.012	NA	15,715	-
Disaster Grants - Public Assistance	97.036	NA	127,716	-
Emergency Management Performance Grants	97.042	NA	98,765	-
Total U.S. Department of Homeland Security			<u>242,196</u>	<u>-</u>
Total Grant Amounts Expended or Passed Through to Subrecipients			<u>4,738,912</u>	<u>512,925</u>
Total Federal Assistance			<u>\$ 4,738,912</u>	<u>\$ 512,925</u>