

Comprehensive Annual Financial Report

Linn County Oregon



Fiscal Year Ending
June 30, 2018



LINN COUNTY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2018

Prepared by: General Administration – William E. Palmer, CPA - Accounting Officer

LINN COUNTY
TABLE OF CONTENTS
Year Ended June 30, 2018

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter from Administrative Officer and Accounting Officer	i – vii
Certificate of Achievement for Excellence in Financial Reporting – June 30, 2017.....	viii
Organization Chart.....	ix
Elected Officials, Administrative Officer, and Registered Address	x
FINANCIAL SECTION	
Independent Auditor’s Report.....	A - C
Management’s Discussion and Analysis	a - k
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	3, 4
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances.....	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	7
Statements of Revenues, Expenditures and Changes in Fund Balances -Budget (Non GAAP Budgetary Basis) and Actual	
General.....	8 – 16
General Road	17, 18
Law Enforcement 4-Year Levy	19
Health.....	20, 21
Veterans Home Loan	22
Proprietary Fund	
Statement of Net Position.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position	24
Statement of Cash Flows.....	25
Fiduciary Funds	
Statement of Fiduciary Net Position	26
Notes to Basic Financial Statements.....	27 – 61
Required Supplementary Information	
Infrastructure condition and maintenance data for capital assets reported under the modified approach	62
Schedule of Changes in Total OPEB Liability.....	63
Schedule of Proportionate Share of Net Pension Liability.....	64
Schedule of Employer Pension Contributions	65

LINN COUNTY
TABLE OF CONTENTS (continued)

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules	
Non-Major Special Revenue Funds:	
Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67
Schedules of Revenues, Expenditures and Changes in Fund Balance - (Non-GAAP Budgetary Basis) -	
Budget and Actual:	
County Fair	68
Law Library.....	69
General Grants	70, 71
Bike Trails.....	72
Corner Preservation.....	73
Historical Restoration.....	74
County Forest/Park.....	75
County School.....	76
Federal Forest.....	77
Proprietary Fund (Internal Service Fund):	
Schedule of Revenues, Expenditures and Changes in Fund Balance - (Non GAAP Budgetary Basis) -	
Budget and Actual - Unemployment Insurance	78
Fiduciary Funds (Agency funds):	
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	79, 80
Other Schedules:	
Schedule of Accountability for Elected Officials	81
Schedule of Property Tax Transactions	82

LINN COUNTY
TABLE OF CONTENTS (continued)

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Last Ten Fiscal Years

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

OTHER INFORMATION

Schedule of Insurance and Fidelity Bond Coverages.....	103,104
--	---------

AUDIT COMMENTS AND DISCLOSURES

Independent Auditor’s Report Required by Oregon State Regulations.....	105,106
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	107,108

FEDERAL SINGLE AUDIT

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	109,110
Schedule of Findings and Questioned Costs	111-113
Schedule of Expenditures of Federal Awards	114-117



INTRODUCTORY SECTION

INTRODUCTION SECTION

- Letter of Transmittal
- Certificate of Achievement
- Organization Chart
- Elected and Appointed Officials

November 30, 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, 2018 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, 2018, 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, 2018 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 2017 - 2018.

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, 2017 population of 124,010. 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 1,119.72 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 66.

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 a strong local economy that has stabilized as shown by the County's unemployment rate change - a rate of 4.4% for June 2018, the same as the 4.4% revised rate for June 2017. The County's unemployment rate has continued to remain slightly higher than the State (4.0%) June 2018 rate. Another indicator of strength is reflected in the increase in employment levels over the past year with the number of nonfarm employed County residents up by 1,070 jobs (June 2017 to June 2018), a 2.4 percent increase which was higher than both the state and national growth rates. From February 2008, the pre-recession employment peak, to June 2018, the County is up 2,140 jobs, with many companies having 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 2017 – 2019 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 2017 – 2019 Budget was balanced using the more positive revenue forecasts to offset increases in the State’s health and retirement costs. The State’s stabilizing General Fund revenues did not result in increases in State funding for County programs.

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 were renewed for two years early in 2018 so the Bureau of Land Management and Forest Service payment amounts were increased above the actual sales amounts. The outlook for payments from another major revenue source, the State of Oregon, is also mixed with shifts in public safety and health payments to the County, with the most significant shift the one being made in health funds to Coordinated Care Organizations (CCOs) which may then contract with the County for services. A third major revenue source, the County’s local option Law Enforcement Levy, has a more positive outlook. The voters approved a new four year levy starting July 1, 2018, ending June 30, 2022, retaining the same rate of \$2.83 per thousand valuation. 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 (\$55,724,842; 51.64% of revenue; up 1.35%) with the increase primarily due to more funding from the State and for Federal forest and Payment In Lieu of Taxes (PLIT) payments. The fiscal impacts on the County from the severe decline in timber sales have continued but payments were once again increased by the “safety net” legislation (Federal Forest Service and Bureau of Land Management Title I payments; \$3,927,917; 3.63% of revenue; up 344.85%). State-provided funds increased (\$34,925,596; 32.26% of revenue; up 2.77%), mostly from State Forest Trust Lands revenues, and provided the bulk of the remaining intergovernmental receipts.

The impacts on County property taxes (\$36,867,263; 34.16%; up 8.94%) 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 (4.37%) in the County’s assessed property values remains strong. 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 (\$23,547,759; 63.88% of the total property taxes). The Law Enforcement Levy’s net amount continues to be reduced (“compressed”) by 12.71% (\$3,524,788) 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 (\$1,552,612; 4.22% 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 (\$12,262,784; 11.37% of revenue; up 2.03%) 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 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 retirement cost increases as established by collective bargaining agreements. For FY 2017 –2018, the total personnel cost increased by 4.07% 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), increased effective July 1, 2017 by approximately 1.55% overall. With COLAs and more employees, total PERS payments (including the employees' "pick-up" paid by the County) increased \$1,392,033 (16.74%) over the prior year. Retirement costs are expected to change significantly with large rate increases (3+% increases applied to salaries for 2019, 2021, 2023 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 in prior letters, a key major property purchase will be important to future County operations. The properties – the Albany Police Station and the Nation Guard Armory land – with the Police Station abutting the County Jail/Sheriff's Office and the Armory land abutting the Fair Expo complex with both allowing for the future expansion of County activities. Albany has built a new Station and the County is close to completing a remodel of the Station and will lease it to the State's local Parole and Probation office. 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. Those revenues are no longer increasing with State funding under pressure which produced some layoffs in May 2018.

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 and has completed the first phase of the expansion of the Whitcomb Creek Campground from 39 sites to 92 sites. The County is planning to construct a shower restroom building at the Campground and also construct two group camps at the newly developed Quartzville Group Campground.

The programmed road and bridge improvements by the Road Department upgraded 62.78 miles of road miles of the County's road system and completed major structural repairs on twenty five small bridges.

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

The County continues to be 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. The County is also part of two other class action lawsuits, against Mortgage Electronic Registration Systems (MERS) for bypassing County filing fees and against the Federal government for underfunding PILT.

Pension Benefits. Linn County participates in Oregon PERS, which includes PERS Tier 1 and 2, and the Oregon Public Service Retirement Plan (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.

PERS is having a significant impact on Oregon's governmental entities, including Linn County, and that impact is forecast to continue to increase. 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, 2017 are as follows: 23.15% (Tier 1 & 2), 14.10% (OPSRP General Service) and 18.87% (OPSRP Police). The rates will change effective July 1, 2019 as follows: 27.17% (Tier 1 & 2), 18.55% (OPSRP General Service) and 23.18% (OPSRP Police) which, overall, will result in an increase of an estimated \$1.67 M in annual cost. The PERS rate increases would have been larger but rate changes are restricted by a process that "collars" increases. As mentioned earlier and like 2019, large increases in the County's PERS rates are expected in 2021, 2023 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 - 58).

AWARDS AND ACKNOWLEDGEMENTS

For the twenty seventh 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, 2017. 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



William E. Palmer
Accounting Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Linn County
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

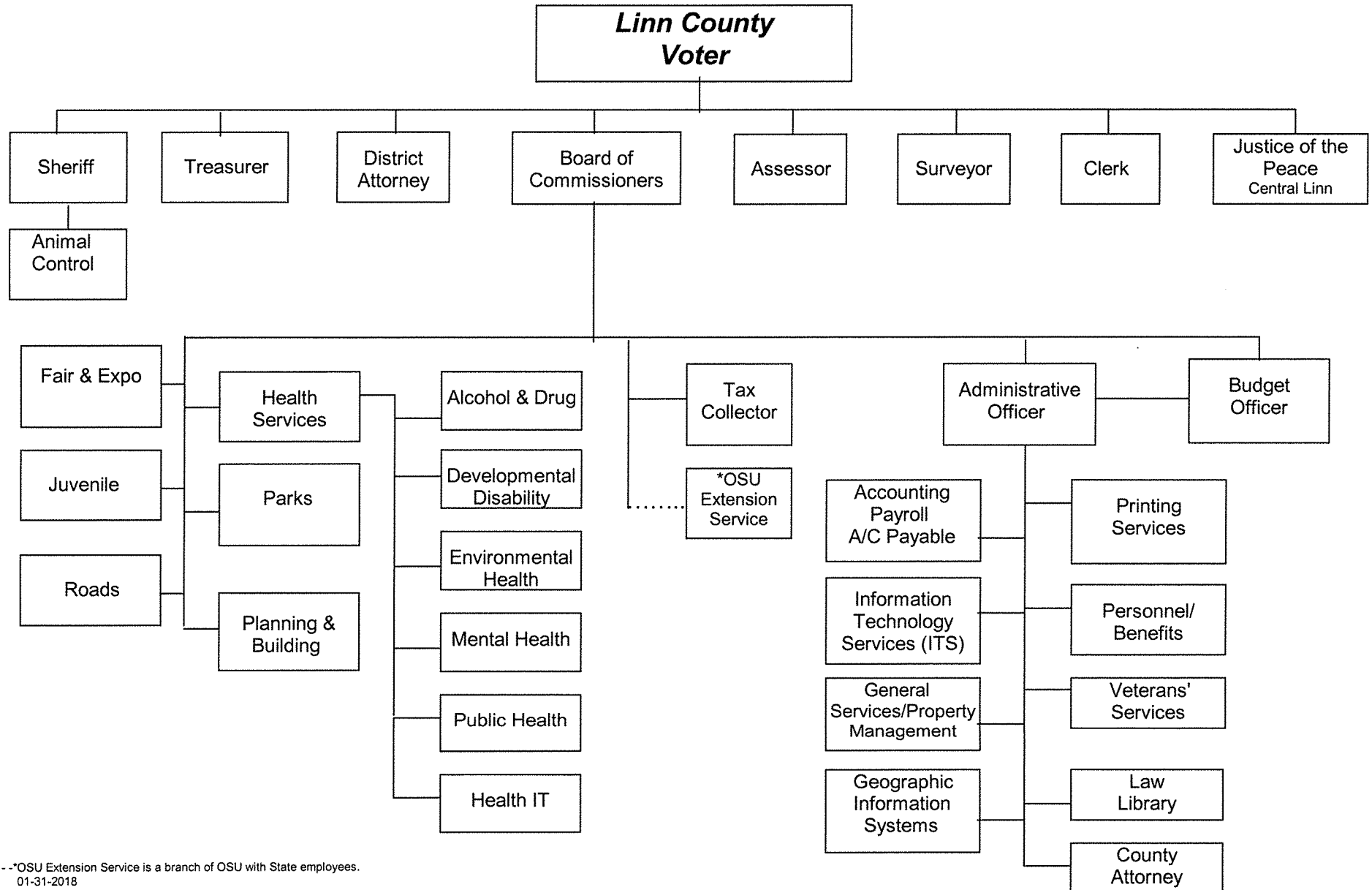
Executive Director/CEO



LINN COUNTY, OREGON

Organization Chart

01-31-2018



-- *OSU Extension Service is a branch of OSU with State employees.
01-31-2018

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
Andy Stevens	Assessor and Tax Collector	December 2018
Steve Druckenmiller	Clerk	December 2018
Douglas Marteeny	District Attorney	December 2020
Honorable Jad Lemhouse	Justice of the Peace – Central Linn	December 2018
Jim Yon	Sheriff	December 2018
Charles Gibbs	Surveyor	December 2020
Michelle Hawkins	Treasurer	December 2020

Administrative Officer

Ralph E. Wyatt

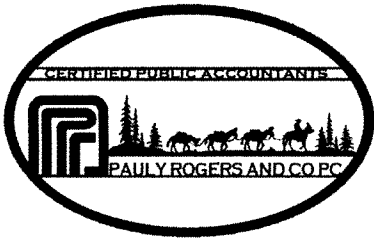
Registered Address

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



FINANCIAL SECTION

FINANCIAL SECTION



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

November 30, 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, 2018, 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, 2018 and the respective changes in financial position and budgetary comparisons for the General Fund, General Road, Law Enforcement 4-Year Levy, Health, and Veterans Home Loan Funds, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

The introductory, statistical, and other reports sections and the other information, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 30, 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 November 30, 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.

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

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, 2018. 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 \$191,831,233 (*net position*). Of this amount, (\$44,646,310) (*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 increased by \$758,421 year over year, primarily due to an increase in unanticipated general revenues at the end of the year.
- As of the close of the fiscal year, Linn County's governmental funds reported combined ending fund balances of \$22,516,782, an increase of \$1,083,646 in comparison with the prior year, with 91.88% of this total amount, \$20,687,293 *available for spending* to meet the County's commitments and obligations (*restricted, committed, assigned, and unassigned fund balances*).

At the end of the fiscal year, the fund balance for the general fund was (\$7,810,257). The negative fund balance is primarily due to interfund debt as follows:

Date	Original amount borrowed	Purpose
2008-09	860,000	Financial software.
2009-10	420,000	Assessment & taxation ORCATS software
2012-13	660,000	Land adjacent to the Linn County jail. (Jackson St.)
	1,500,000	Building for Linn County Health services.
2013-14	700,000	Weyerhauser building improvement
	900,000	Purchase of a marina on Foster Lake.
2014-15	950,000	Property and building - Linn County 4-H and Extension service office.
2015-16	200,000	Upgrade election software.
	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.
2016-17	400,000	Upgrade planning and building software.
2017-18	750,000	Building improvements (APD building)

The current general fund interfund loan balance is \$7,427,054, with each loan being repaid over a ten year period. The combined outstanding balance of all interfund loans is \$11,829,768. Linn County has no general obligation bond debt as of June 30, 2018.

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.

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 that shows 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.

Governmental funds: (continued)

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 14 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 9 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 budget and appropriates expenditures for all of its funds. 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 and deferred outflows exceeded liabilities and deferred inflows by \$191,831,233 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.

Government-wide Financial Analysis (continued):

The balance of *restricted* and *unrestricted net position* may be used to meet the County's ongoing obligations to citizens and creditors. The County's net position increased by \$758,421 during the current fiscal year as shown below:

**Linn County's Net Position
Governmental Activities**

	2018	2017
Assets		
Current and other assets	\$ 36,386,249	\$ 33,582,251
Capital assets	215,418,509	210,235,642
Total assets	<u>251,804,758</u>	<u>243,817,893</u>
Deferred outflows (pension)	<u>21,471,496</u>	<u>37,616,653</u>
Total assets and deferred outflows	<u>273,276,254</u>	<u>281,434,546</u>
Liabilities		
Long-term liabilities outstanding	3,448,659	3,618,550
Net pension liability	61,406,151	73,028,662
Other liabilities	11,639,124	9,911,639
Total liabilities	<u>76,493,934</u>	<u>86,558,851</u>
Deferred inflows (pension)	<u>4,951,087</u>	<u>3,802,883</u>
Total liabilities and deferred inflows	<u>81,445,021</u>	<u>90,361,734</u>
Net Position		
Net investment in capital assets	215,418,509	210,235,642
Restricted for:		
Highways and streets	14,722,730	15,089,895
Health services	4,506,815	1,657,738
Other restricted	1,829,489	1,949,620
Unrestricted	<u>(44,646,310)</u>	<u>(37,860,083)</u>
Total net position	<u>\$ 191,831,233</u>	<u>\$ 191,072,812</u>

Government-wide Financial Analysis (continued):

Governmental activities. Governmental activities increased Linn County's net position by \$758,421. Key elements of this increase are as follows:

**Linn County's Changes in Net Position
Governmental Activities**

	2018	2017
Revenues		
Program		
Charges for services	\$ 12,821,493	\$ 12,018,715
Operating grants and contributions	40,730,622	40,857,616
General		
Property taxes	36,808,054	34,023,330
Grants and contributions not restricted to specific programs	15,320,359	11,679,952
Other	395,384	158,669
	<u>106,075,912</u>	<u>98,738,282</u>
Expenses		
General government	8,374,964	8,337,594
Public safety	38,696,285	36,889,642
Highways/streets	13,759,331	12,712,624
Local government services	4,013,308	3,982,658
Health services	29,165,793	28,924,879
Community development	9,560,645	8,946,354
Apportionment to school districts	1,747,165	778,499
	<u>105,317,491</u>	<u>100,572,250</u>
Total revenues	106,075,912	98,738,282
Total expenses	105,317,491	100,572,250
Increase (decrease) in net position	758,421	(1,839,968)
Net position - beginning of the year	191,072,812	192,912,780
Net position - end of the year	<u>\$ 191,831,233</u>	<u>\$ 191,072,812</u>

Government-wide Financial Analysis (continued):

- Total revenues increased by \$7,337,630 over the prior fiscal year, primarily due to increases in property tax revenue as a result of assessed property values rising, plus receipt of unanticipated general grants revenues at year end.
- Overall, County-wide expenses increased by \$4,745,241 from the previous year. This increase (4.72%) is fairly evenly split among the expense functions noted above. The largest functional expense increase of \$1,806,643 comes in public safety and is a result of the County's commitment to keeping the public safe.

Governmental Funds Financial Analysis

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 \$22,516,782, an increase of \$1,083,646 in comparison with the prior year. The bulk of the increase is due to an increase in intergovernmental revenue, and a reduction in total expenditures at the Health services department. Of this total amount, \$32,900,264 constitutes the restricted, committed, and assigned, fund balances which are not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service or for a variety of other restricted purposes.

The General fund is the chief operating fund of Linn County. At the end of the current fiscal year, the unassigned fund balance was (\$7,810,257); a decrease in the deficit of \$1,230,817 compared with the previous year.

Key factors in this change are as follows:

- Overall revenue in the General fund increased by \$3,572,533 from \$31,167,902 in the prior year to \$34,740,435 in the current year with the mix of revenue categories similar to last year. Most significantly, intergovernmental revenue increased by \$2,561,833.
- Expenditures in the General fund increased overall by \$473,617, mostly due to increases in public safety, \$1,399,148, and general administration, \$448,295, coupled with a decrease of (\$1,475,880) in capital outlay.
- As mentioned earlier, the General fund negative fund balance is primarily a result of \$7,427,054 in outstanding interfund loans payable, (Roads fund, \$6,560,847 for various projects, and Health services fund, \$866,207 for a building). Each interfund loan is 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 Services fund and the Veterans Home fund. Each major fund is presented in a separate column on the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance of the governmental funds statements.

Governmental Funds Financial Analysis (continued)

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 \$27,515,780 at year end. This balance decreased by \$2,726,711 during the year mainly due to a decrease in intergovernmental revenues (dropped \$2,391,841).

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 \$1,840,951 increased by \$1,507,141 over the prior year balance of \$333,810 due to results from current operations. The LE fund property tax revenue increased by \$2,332,320, from \$21,215,439 in the prior year, to \$ 23,547,759 in the current year. The effect on property tax revenue was significantly reduced (\$2,602,026) due to compression of the overall property tax ceiling imposed by Measure 5. Expenditures increased by \$1,551,560 from \$20,534,222 in the prior year to \$22,085,782 in the current year as a result of increased personal service, and capital outlay 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 \$2,991,793 represents a decrease of \$875,613 from the prior year. In the current year, overall revenues increased by \$2,851,198 from \$24,102,580 in the prior year, to \$26,953,778 in the current year. In addition, expenditures decreased by \$1,237,748 from \$29,983,930 in the prior year to \$28,746,182 in the current year. This decrease was all due to a drop in capital spending from \$1,735,734 in the prior year to \$0 in the current year.

Veterans Home Loan – This fund accounts for the interfund loan payment to the Roads fund that was borrowed for the construction of a Veteran's Home in Lebanon, OR. In addition, property tax revenues levied for construction repayment are recorded in this fund. This fund carries a deficit fund balance due to the loan. The deficit fund balance was reduced by \$1,469,676 during the year.

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 \$177,137. This is a decrease in net position over last year of \$181,821 primarily due to a transfer to the General fund of \$183,000, and a negative change in revenues over expenses resulting in an operating (loss) for the year of (\$6,979).

General Fund Budgetary Highlights

Differences between the adopted budget and the final budget are mostly a result of budget transfer resolutions. These transfers were made as circumstances arose and a need to move appropriations was necessary. No increase in appropriation authority occurred during the year.

Actual receipts in the General Fund were \$593,022 more than anticipated and actual expenditures were \$5,830,974 less than appropriations, demonstrating a generally prudent spending policy. Overall personal services expenditures were \$2,300,071 under budget, and material and services were \$1,714,568 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, 2018 amounts to \$215,418,509 (net of accumulated depreciation) and include machinery and equipment, park facilities, roads, highways and bridges.

In fiscal 2002-03 the County added its infrastructure assets to its capital assets as per GASB 34. It was also this year that Linn County adopted the modified approach for its valuation and accounting presentation of infrastructure assets.

In the current fiscal year the County added \$5,182,867 to its capital assets, net of retirements and current year depreciation.

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

- \$1,009,259 was spent on a new Sheriff radio system.
- There was an additional \$401,959 spent on the planning and building software upgrade.

Capital Asset and Debt Administration (continued)

Linn County's Capital Assets
(Net of depreciation)

Governmental Activities

	2018	2017
Land	\$ 19,418,161	\$ 19,228,161
Buildings and improvements, net	35,519,695	36,349,194
Equipment, net	10,748,044	9,512,897
Infrastructure, net	139,777,096	128,904,053
Intangibles	3,939,603	3,908,299
Construction in progress	6,015,910	12,333,038
Totals	\$ 215,418,509	\$ 210,235,642

The 2018 pavement inspection performed by Metropolitan Transportation Commission indicates the County's PCI (pavement condition index) had a slight drop in overall pavement conditions compared to its 2016 inspection. The arterial roads weighted average PCI in 2016 was 88.6 and 80.8 in 2018, a slight drop. Collector roads decreased by .30 (2016 =77.1, 2018=76.8) Residential/local roads decreased by 3.1 (2016=79.8, 2018=76.7). These drops in the PCI over this two year period are expected as roads depreciate over time. The Road Department makes road improvements every year, and current levels remain well above the County's goal of a 65 PCI or better. The next scheduled pavement inspection cycle is 2020.

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 \$203,778,154.

Economic Factors

- The unemployment rate for Linn County is currently 4.5 percent which is an increase from a rate of 4.4 percent a year ago. This compares unfavorably to the State's average unemployment rate of 4.0 percent and the national average rate, also 4.0 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 2017-2018. 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 ("compression") of \$2,602,026 in property tax revenue collected for the Law Enforcement Levy fund.
- With 51.64% 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 Bill Palmer, Accounting Officer, Linn County, 300 4th Ave, SW, PO Box 100, Albany, OR 97321.

BASIC FINANCIAL STATEMENTS

LINN COUNTY
STATEMENT OF NET POSITION
June 30, 2018

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 26,736,463
Receivables, net	4,617,398
Due from other governments	3,101,616
Inventories	1,829,489
Investment in joint venture	101,283
Capital assets:	
Land, infrastructure, and construction in progress, not being depreciated	136,914,873
Other capital assets, net	<u>78,503,636</u>
TOTAL ASSETS	<u>251,804,758</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>21,471,496</u>
<u>LIABILITIES</u>	
Accounts payable	1,331,187
Due to other governments	657,389
Payroll, payroll taxes, and benefits payable	6,437,907
Claims liability	275,023
Long-term obligations:	
Due within one year:	
Accumulated compensated absences	2,937,618
Due in more than one year:	
Accumulated compensated absences	1,046,156
Total OPEB	2,402,503
Proportionate share of net pension liability	<u>61,406,151</u>
TOTAL LIABILITIES	<u>76,493,934</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	<u>4,951,087</u>
<u>NET POSITION</u>	
Net invested in capital assets	215,418,509
Restricted for:	
Highways and streets	14,722,730
Health services	4,506,815
Inventories	1,829,489
Unrestricted	<u>(44,646,310)</u>
TOTAL NET POSITION	<u><u>\$ 191,831,233</u></u>

LINN COUNTY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

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	\$ 8,374,964	\$ 589,299	\$ 302,969	\$ (7,482,696)
Local government services	4,013,308	1,019,466	580,226	(2,413,616)
Public safety	38,696,285	3,133,439	2,427,217	(33,135,629)
Health services	29,165,793	1,164,020	24,721,312	(3,280,461)
Community development	9,560,645	4,171,727	362,805	(5,026,113)
Highways and streets	13,759,331	2,743,542	11,190,893	175,104
Apportionments to school districts	1,747,165	-	1,145,200	(601,965)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 105,317,491</u>	<u>\$ 12,821,493</u>	<u>\$ 40,730,622</u>	<u>(51,765,376)</u>
General Revenues				
Property taxes levied for:				
General purposes				36,808,054
Grants and contributions not restricted to specific programs				15,320,359
Interest and investment earnings				<u>395,384</u>
TOTAL GENERAL REVENUES				<u>52,523,797</u>
CHANGE IN NET POSITION				758,421
NET POSITION - BEGINNING				<u>191,072,812</u>
NET POSITION - ENDING				<u>\$ 191,831,233</u>

See notes to basic financial statements

LINN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and investments	\$ 2,207,273	\$ 15,672,774	\$ 3,512,827	\$ 1,872,784	\$ 117,270	\$ 2,891,059	\$ 26,273,987
Receivables, net	1,266,025	130,193	2,020,148	1,010,218	123,122	67,692	4,617,398
Due from other funds	64,865	21,537	-	2,530	-	286	89,218
Due from other governments	141,294	721,517	-	2,074,689	-	164,116	3,101,616
Advances to other funds	-	10,963,561	-	866,207	-	-	11,829,768
Inventories	-	1,829,489	-	-	-	-	1,829,489
Investment in joint venture	-	101,283	-	-	-	-	101,283
TOTAL ASSETS	<u>\$ 3,679,457</u>	<u>\$ 29,440,354</u>	<u>\$ 5,532,975</u>	<u>\$ 5,826,428</u>	<u>\$ 240,392</u>	<u>\$ 3,123,153</u>	<u>\$ 47,842,759</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 278,583	\$ 499,142	\$ 317,534	\$ 182,268	\$ -	\$ 53,660	\$ 1,331,187
Due to other funds	23,226	49,775	13,346	14,576	-	545	101,468
Due to other governments	7,359	-	24,589	-	-	602,875	634,823
Advances from other funds	7,427,054	-	-	-	4,402,714	-	11,829,768
Unearned revenue	79,337	717,555	14,346	943,405	-	139,286	1,893,929
Payroll, payroll taxes, and benefits payable	2,624,230	636,363	1,413,687	1,694,386	-	69,241	6,437,907
TOTAL LIABILITIES	<u>\$ 10,439,789</u>	<u>\$ 1,902,835</u>	<u>\$ 1,783,502</u>	<u>\$ 2,834,635</u>	<u>\$ 4,402,714</u>	<u>\$ 865,607</u>	<u>\$ 22,229,082</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS (Continued)**

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Total Nonmajor Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - assessments	\$ -	\$ 21,739	\$ -	\$ -	\$ -	\$ -	\$ 21,739
Unavailable revenue - property taxes	1,049,925	-	1,908,522	-	116,709	-	3,075,156
TOTAL DEFERRED INFLOWS OF RESOURCES	1,049,925	21,739	1,908,522	-	116,709	-	3,096,895
<u>FUND BALANCES</u>							
Non spendable:							
Inventories	-	1,829,489	-	-	-	-	1,829,489
Restricted for:							
Roads	-	14,722,730	-	-	-	-	14,722,730
Law Enforcement Levy	-	-	1,840,951	-	-	-	1,840,951
Health Services	-	-	-	2,125,586	-	-	2,125,586
Grants/ minor funds	-	-	-	-	123,683	2,257,546	2,381,229
Committed to:							
Interfund loan commitments	-	10,963,561	-	866,207	-	-	11,829,768
Unassigned	(7,810,257)	-	-	-	(4,402,714)	-	(12,212,971)
TOTAL FUND BALANCES	(7,810,257)	27,515,780	1,840,951	2,991,793	(4,279,031)	2,257,546	22,516,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,679,457	\$ 29,440,354	\$ 5,532,975	\$ 5,826,428	\$ 240,392	\$ 3,123,153	\$ 47,842,759

LINN COUNTY

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2018**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 22,516,782
<i>Amounts reported for governmental activities in the statement of net position 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	260,366,903	
Less accumulated depreciation	<u>(44,948,394)</u>	215,418,509
Net pension Liability/Asset not reported in government funds		(61,406,151)
Net deferred pension inflows (outflows) are not payable in the current period and therefore are not reported in the funds.		16,520,409
Accumulated compensated absences are not payable in the current period and therefore are not reported in the funds.		(3,983,774)
Post employment healthcare benefits are not payable in the current period and therefore are not reported in the funds.		(2,402,503)
Unavailable revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		4,990,824
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>177,137</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 191,831,233</u>

See notes to basic financial statements

LINN COUNTY

STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	General Road	Law Enforcement 4-Year Levy	Health	Veterans Home Loan	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 11,766,892	\$ -	\$ 23,547,759	\$ -	\$ 1,552,612	\$ -	\$ 36,867,263
Intergovernmental	11,696,163	14,393,850	-	25,507,280	-	4,127,549	55,724,842
Licenses, permits, fines and services	9,395,749	459,038	(7,474)	779,088	-	1,636,383	12,262,784
Interest earnings	61,479	210,425	75,556	31,751	6,575	23,511	409,297
Interest, interfund loan	-	197,425	-	20,588	-	-	218,013
Indirect cost reimbursement, net	1,820,152	-	-	451,874	-	-	2,272,026
Miscellaneous	-	-	82	163,197	6,113	4,214	173,606
TOTAL REVENUES	34,740,435	15,260,738	23,615,923	26,953,778	1,565,300	5,791,657	107,927,831
EXPENDITURES							
General administration and support	7,672,035	-	-	-	-	-	7,672,035
Local government services	3,731,080	-	-	-	-	-	3,731,080
Public safety	13,220,896	-	20,837,084	-	-	999,022	35,057,002
Health services	-	-	-	27,328,255	-	-	27,328,255
Community development	6,146,207	-	-	-	-	2,206,506	8,352,713
Highways and streets	-	11,801,039	-	-	-	-	11,801,039
Apportionments to school districts	-	-	-	-	-	1,747,165	1,747,165
Capital outlay	1,907,381	5,734,139	617,065	-	-	589,272	8,847,857
Indirect cost allocation	-	178,294	631,633	1,417,927	-	44,172	2,272,026
Interfund loan interest expense	122,389	-	-	-	95,624	-	218,013
TOTAL EXPENDITURES	32,799,988	17,713,472	22,085,782	28,746,182	95,624	5,586,137	107,027,185
Excess (deficiency) of revenues over expenditures	1,940,447	(2,452,734)	1,530,141	(1,792,404)	1,469,676	205,520	900,646
OTHER FINANCING SOURCES (USES)							
Transfers in	568,826	-	-	916,791	-	371,659	1,857,276
Transfers out	(1,278,456)	(273,977)	(23,000)	-	-	(98,843)	(1,674,276)
TOTAL OTHER FINANCING SOURCES (USES)	(709,630)	(273,977)	(23,000)	916,791	-	272,816	183,000
Net change in fund balances	1,230,817	(2,726,711)	1,507,141	(875,613)	1,469,676	478,336	1,083,646
Fund balances (deficit) at beginning of year	(9,041,074)	30,242,491	333,810	3,867,406	(5,748,707)	1,779,210	21,433,136
Fund balances (deficit) at end of year	\$ (7,810,257)	\$ 27,515,780	\$ 1,840,951	\$ 2,991,793	\$ (4,279,031)	\$ 2,257,546	\$ 22,516,782

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, 2018**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	1,083,646
 <i>Amounts reported for governmental activities in the statement of activities 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	8,247,960	
Capital asset deletions net book value	(37,455)	
Less current year depreciation	<u>(3,027,639)</u>	5,182,866
 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		486,341
Pension income/(expense)		(5,670,850)
 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 change in OPEB obligations (increase)/decrease		(78,355)
Accumulated compensated absences (increase)/decrease		(63,406)
 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>(181,821)</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$	 <u>758,421</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

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes including CATFA, and Severance	\$ 11,804,767	\$ 11,804,767.0	\$ 11,784,812	\$ (19,955)
Intergovernmental				
O & C land grant	500,000	500,000	896,822	396,822
Payments in lieu of taxes	190,000	190,000	1,022,968	832,968
State forest land sales	1,600,000	1,600,000	2,411,290	811,290
Amusement tax	28,500	28,500	27,579	(921)
Cigarette tax	208,895	208,895	195,669	(13,226)
Electric co-op tax	190,000	190,000	193,042	3,042
Liquor tax	580,000	580,000	541,990	(38,010)
HB3400-Local option tax dist	-	-	174,171	174,171
Western Oregon severance tax (WOST)	-	-	9,775	9,775
Video lottery reimbursement	528,000	528,000	570,010	42,010
Private car tax	3,400	3,400	2,540	(860)
Assessment and taxation grant	620,000	620,000	580,011	(39,989)
Assessment and taxation contracts	40,000	40,000	-	(40,000)
Veterans' officer reimbursement	84,557	143,360	128,107	(15,253)
State prison revenue-corrections	1,573,895	1,573,895	1,413,215	(160,680)
State prisoner allocation-contract - criminal	1,114,015	1,114,015	1,091,683	(22,332)
Juvenile detention contracts	341,969	341,969	347,443	5,474
Planning contract with cities	335,000	370,000	363,007	(6,993)
Cities and district contract with Sheriff Support	431,423	431,423	497,103	65,680
Emergency 911 contract with Sheriff	700,000	700,000	700,000	-
Public Safety Solution- City of Albany	932,281	932,281	190,489	(741,792)
Cities contract with Justice court	1,500	1,500	-	(1,500)
Juvenile work crew/ Fed forest title II	38,625	38,625	57,225	18,600
Juvenile contract with cities	116,375	116,375	93,750	(22,625)
Surveyor contracts	3,000	3,000	-	(3,000)
GIS grant	1	1	-	(1)
Expo grant	100,000	200,000	100,000	(100,000)
Information technology service contracts	29,580	29,580	25,300	(4,280)
Total intergovernmental	10,291,016	10,484,819	11,633,189	1,148,370

See notes to basic financial statements

Statement continued on next page

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

	Budget		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Licenses, permits, fines and services				
Commissioners	\$ 50	\$ 50	\$ 20	\$ (30)
Assessment and taxation	105,500	105,500	115,024	9,524
Clerk	1,327,583	1,341,783	1,444,247	102,464
Treasurer	2,400	2,400	2,177	(223)
Surveyor	134,000	139,000	126,912	(12,088)
Planning	1,424,000	1,704,000	1,698,186	(5,814)
Parks and recreation	2,111,500	2,111,500	1,968,772	(142,728)
Historical	40,000	40,000	15,904	(24,096)
Justice court - Central Linn	696,005	696,005	635,591	(60,414)
District attorney	200,015	230,015	250,553	20,538
Medical examiner	46,000	46,000	47,600	1,600
Sheriff				
Corrections	685,000	692,364	484,254	(208,110)
Civil	487,071	487,071	435,266	(51,805)
Criminal	105,000	221,630	193,557	(28,073)
Emergency communication	25,000	25,000	749	(24,251)
Animal control	155,100	155,100	159,349	4,249
Support	88,500	88,500	41,135	(47,365)
Juvenile	24,000	24,000	33,369	9,369
General administration	49,475	49,475	28,381	(21,094)
Information technology	6,120	6,120	730	(5,390)
General services	1,680	1,680	7,366	5,686
Printing	286,824	286,824	221,119	(65,705)
County counsel	-	-	528	528
Geographic information system	7,000	7,000	9,114	2,114
Expo	1,013,000	1,013,000	1,069,769	56,769
Non departmental	312,000	312,000	232,369	(79,631)
Regence and SAIF settlement	100,000	100,000	92,409	(7,591)
Indirect cost reimbursements	2,270,162	2,270,162	1,820,152	(450,010)
Total licenses, permits, fines and services	11,702,985	12,156,179	11,134,602	(1,021,577)
Interest earnings	20,000	20,000	54,310	34,310
TOTAL REVENUES	33,818,768	34,465,765	34,606,913	141,148

See notes to basic financial statements
Statement continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES				
Commissioners				
Personal services	\$ 515,846	\$ 517,846	\$ 516,988	\$ 858
Materials and services	11,125	11,125	11,078	47
Total Commissioners	<u>526,971</u>	<u>528,971</u>	<u>528,066</u>	<u>905</u>
Assessment and Taxation				
Personal services	2,110,786	2,110,786	2,010,264	100,522
Materials and services	233,550	233,550	189,672	43,878
Capital outlay	5	5	-	5
Total Assessment and Taxation	<u>2,344,341</u>	<u>2,344,341</u>	<u>2,199,936</u>	<u>144,405</u>
Clerk				
Personal services	1,071,855	1,071,855	960,922	110,933
Materials and services	307,770	307,770	218,307	89,463
Capital outlay	-	-	-	-
Total Clerk	<u>1,379,625</u>	<u>1,379,625</u>	<u>1,179,229</u>	<u>200,396</u>
Treasurer				
Personal services	300,487	303,987	303,964	23
Materials and services	14,125	14,125	14,081	44
Total Treasurer	<u>314,612</u>	<u>318,112</u>	<u>318,045</u>	<u>67</u>
Surveyor				
Personal services	673,219	688,519	688,432	87
Materials and services	17,072	16,772	9,457	7,315
Capital outlay	17,246	17,246	1,156	16,090
Total Surveyor	<u>707,537</u>	<u>722,537</u>	<u>699,045</u>	<u>23,492</u>
Veterans' Services				
Personal services	279,585	307,585	297,997	9,588
Materials and services	10,114	40,917	28,225	12,692
Total Veterans' Services	<u>289,699</u>	<u>348,502</u>	<u>326,222</u>	<u>22,280</u>

See notes to basic financial statements
Statement continued on next page

GENERAL FUND (Continued)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL**

EXPENDITURES (Continued)	Budget		Actual	Variance
	Original	Final		
Planning & Building				
Personal services	\$ 1,546,479	\$ 1,546,479	\$ 1,155,604	\$ 390,875
Materials and services	201,100	516,100	388,780	127,320
Capital outlay	35,505	35,505	23,111	12,394
Total Planning & Building	<u>1,783,084</u>	<u>2,098,084</u>	<u>1,567,495</u>	<u>530,589</u>
Parks and Recreation				
Personal services	1,230,847	1,190,847	1,188,521	2,326
Materials and services	602,500	672,500	671,370	1,130
Capital outlay	150,000	120,000	35,319	84,681
Total Parks and Recreation	<u>1,983,347</u>	<u>1,983,347</u>	<u>1,895,210</u>	<u>88,137</u>
Historical				
Personal services	19,620	20,120	19,714	406
Materials and services	29,081	28,581	25,525	3,056
Capital outlay	20,000	20,000	-	20,000
Total Historical	<u>68,701</u>	<u>68,701</u>	<u>45,239</u>	<u>23,462</u>
Sheriff - Support Services				
Personal services	757,673	837,673	819,449	18,224
Materials and services	1,052,075	1,062,302	968,094	94,208
Capital outlay	1,345,994	1,345,994	346,784	999,210
Total Sheriff - Support Services	<u>3,155,742</u>	<u>3,245,969</u>	<u>2,134,327</u>	<u>1,111,642</u>
Sheriff - 911 Emergency Communication				
Personal services	1,848,572	1,848,572	1,666,115	182,457
Materials and services	191,227	141,000	125,187	15,813
Capital outlay	80,002	80,002	78,851	1,151
Total Sheriff - 911 Emergency Communication	<u>2,119,801</u>	<u>2,069,574</u>	<u>1,870,153</u>	<u>199,421</u>

*See notes to basic financial statements
Statement continued on next page*

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Sheriff - Civil				
Personal services	\$ 1,135,806	\$ 1,135,806	\$ 1,118,924	\$ 16,882
Materials and services	44,780	44,780	37,288	7,492
Capital outlay	1	1	-	1
Total Sheriff - Civil	<u>1,180,587</u>	<u>1,180,587</u>	<u>1,156,212</u>	<u>24,375</u>
Sheriff - Criminal				
Personal services	3,988,976	3,573,476	2,866,253	707,223
Materials and services	216,815	233,445	230,982	2,463
Capital outlay	1	1	-	1
Total Sheriff - Criminal	<u>4,205,792</u>	<u>3,806,922</u>	<u>3,097,235</u>	<u>709,687</u>
Justice Court - Central Linn				
Personal services	596,209	591,209	459,452	131,757
Materials and services	84,050	89,050	86,042	3,008
Capital outlay	5	5	-	5
Total Justice Court - Central Linn	<u>680,264</u>	<u>680,264</u>	<u>545,494</u>	<u>134,770</u>
District Attorney				
Personal services	939,077	939,077	880,482	58,595
Materials and services	20,480	50,480	40,814	9,666
Total District Attorney	<u>959,557</u>	<u>989,557</u>	<u>921,296</u>	<u>68,261</u>
Medical Examiner				
Personal services	150,968	150,968	92,523	58,445
Materials and services	12,000	12,000	8,312	3,688
Total Medical Examiner	<u>162,968</u>	<u>162,968</u>	<u>100,835</u>	<u>62,133</u>

See notes to basic financial statements
Statement continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Juvenile				
Personal services	\$ 975,389	\$ 975,389	\$ 975,373	\$ 16
Materials and services	59,000	59,000	51,778	7,222
Capital outlay	1	1	-	1
Total Juvenile	1,034,390	1,034,390	1,027,151	7,239
Sheriff - Corrections				
Personal services	2,584,663	2,592,027	2,313,361	278,666
Materials and services	357,000	557,000	351,875	205,125
Total Sheriff - Corrections	2,941,663	3,149,027	2,665,236	483,791
Sheriff - Animal control				
Personal services	507,848	528,848	528,319	529
Materials and services	82,910	81,910	69,178	12,732
Capital outlay	2	2	-	2
Total Sheriff - Animal control	590,760	610,760	597,497	13,263
General Administration				
Personal services	839,755	839,755	833,058	6,697
Materials and services	747,686	747,686	680,423	67,263
Capital outlay	182,853	182,853	133,065	49,788
Total General Administration	1,770,294	1,770,294	1,646,546	123,748
Information Technology				
Personal services	1,027,205	1,027,205	939,342	87,863
Materials and services	131,923	131,923	131,122	801
Capital outlay	38,944	38,944	38,607	337
Total Information Technology	1,198,072	1,198,072	1,109,071	89,001
General Services				
Personal services	1,167,814	1,167,814	1,139,457	28,357
Materials and services	845,515	835,515	806,823	28,692
Capital outlay	286,736	655,240	644,664	10,576
Total General Services	2,300,065	2,658,569	2,590,944	67,625

See notes to basic financial statements
Statement continued on next page

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

EXPENDITURES (Continued)	Budget		Actual	Variance
	Original	Final		
Printing				
Personal services	\$ 273,862	\$ 273,862	\$ 263,574	\$ 10,288
Materials and services	154,460	154,460	114,138	40,322
Capital outlay	1	1	-	1
Total Printing	<u>428,323</u>	<u>428,323</u>	<u>377,712</u>	<u>50,611</u>
County Attorney				
Personal services	497,894	497,894	439,781	58,113
Materials and services	<u>27,762</u>	<u>27,762</u>	<u>24,679</u>	<u>3,083</u>
Total County Attorney	<u>525,656</u>	<u>525,656</u>	<u>464,460</u>	<u>61,196</u>
Geographic System (GIS)				
Personal services	365,327	365,327	346,971	18,356
Materials and services	100,222	100,222	73,913	26,309
Capital outlay	1	1	-	1
Total Geographic System (GIS)	<u>465,550</u>	<u>465,550</u>	<u>420,884</u>	<u>44,666</u>
Expo				
Personal services	854,050	746,050	743,191	2,859
Materials and services	516,250	571,250	571,250	-
Capital outlay	<u>122,401</u>	<u>275,401</u>	<u>274,905</u>	<u>496</u>
Total Expo	<u>1,492,701</u>	<u>1,592,701</u>	<u>1,589,346</u>	<u>3,355</u>
Non-departmental				
Personal services	107,855	132,855	113,728	19,127
Materials and services	1,493,962	1,493,962	592,226	901,736
Capital outlay	<u>835,000</u>	<u>1,000,000</u>	<u>602,117</u>	<u>397,883</u>
Total Non-departmental	<u>2,436,817</u>	<u>2,626,817</u>	<u>1,308,071</u>	<u>1,318,746</u>
Indirect cost allocation	<u>451,874</u>	<u>451,874</u>	<u>-</u>	<u>451,874</u>

See notes to basic financial statements
Statement continued on next page

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

	Budget		Actual	Variance
	Original	Final		
Contingency	872,215	223,711	-	223,711
TOTAL EXPENDITURES	\$ 38,371,008	\$ 38,663,805	\$ 32,380,957	\$ 6,282,848
Excess (deficiency) of revenues over expenditures	(4,552,240)	(4,198,040)	2,225,956	6,423,996
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
Unemployment fund / general administration	583,000	583,000	183,000	(400,000)
Corner preservation / surveyor	149,150	154,150	96,343	(57,807)
Road fund / surveyor	332,000	337,000	248,113	(88,887)
Road fund transfer / support	1,000,000	1,000,000	-	(1,000,000)
Road fund loan / criminal	1,000,000	1,000,000	-	(1,000,000)
Road fund loan / criminal	1,000,000	1,000,000	-	(1,000,000)
Road fund transfer / criminal-motor carrier enforcement	-	-	3,900	3,900
Road fund / juvenile	10,000	10,000	1,616	(8,384)
Road funds / corrections	60,000	60,000	5,625	(54,375)
Road fund / general services - GIS	30,000	30,000	3,000	(27,000)
Road fund / information technology service	15,000	15,000	1,729	(13,271)
Grants fair fund to expo	2,500	2,500	2,500	-
Law enforcement fund sheriff/ ITS	3,000	3,000	3,000	-
Law enforcement fund sheriff/ treasurer	20,000	20,000	20,000	-
Loan advance from roads, APD building improvements	750,000	750,000	750,000	-
Total transfers from other funds	4,954,650	4,964,650	1,318,826	(3,645,824)
Transfers to other funds				
County fair fund	(60,000)	(60,000)	(60,000)	-
Corner preservation fund / clerk	(182,970)	(197,170)	(192,565)	4,605
Law library fund	(4,100)	(4,100)	(4,100)	-
General grants fund	(105,000)	(105,000)	(105,000)	-
Health services fund - health administration	(134,072)	(134,072)	(134,072)	-
Health services fund - alcohol & drug	(8,655)	(8,655)	(8,655)	-
Health services fund - public health	(674,064)	(774,064)	(774,064)	-
Total transfers to other funds	(1,168,861)	(1,283,061)	(1,278,456)	4,605

See notes to basic financial statements
Statement continued on next page

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

	Budget		Actual	Variance
	Original	Final		
Interfund loan transfer activity				
To roads fund for loan payment, assessment and tax	\$ (68,134)	\$ (68,134)	\$ (68,133)	\$ 1
To roads fund for loan payment, clerk	(22,266)	(22,266)	(22,265)	1
To roads fund for loan payment, planning	(84,864)	(84,864)	(84,863)	1
To roads fund for loan payment, parks marina	(101,003)	(101,003)	(101,003)	-
To health fund for loan payment, purchase building	(183,774)	(183,774)	(183,773)	1
Loan repayment	(576,950)	(826,950)	(826,947)	3
Total interfund loan transfer activity	(1,036,991)	(1,286,991)	(1,286,984)	7
TOTAL OTHER FINANCING SOURCES (USES)	2,748,798	2,394,598	(1,246,614)	(3,641,212)
Net change in fund balance	(1,803,442)	(1,803,442)	979,342	2,782,784
Fund balance at beginning of year	1,803,442	1,803,442	986,593	(816,849)
Fund balance at end of year	\$ -	\$ -	1,965,935	\$ 1,965,935
Reconciliation to GAAP basis				
Year-end cash adjustment			25,859	
Fair market value adjustment			496	
Accounts receivable and available			102,672	
Adjust for change in workman compensation and PERS liability			216,265	
Property taxes receivable and available			50,954	
Due from other governments and available			123,149	
Due from other funds and available			64,865	
Advance from Roads Fund, Health Fund			(7,427,054)	
Accounts payable			(278,583)	
Due to other governments			(7,359)	
Due to other funds			(23,226)	
Payroll, payroll taxes and benefits payable			(2,624,230)	
Fund balance (GAAP basis) - at end of year			\$ (7,810,257)	

See notes to basic financial statements

LINN COUNTY
GENERAL ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 7,999,768	\$ 7,999,768	\$ 8,752,099	\$ 752,331
Federal forest	362,124	362,124	2,274,308	1,912,184
Intergovernmental	5,000,000	5,000,000	4,058,142	(941,858)
Interest earnings	100,000	100,000	192,161	92,161
Miscellaneous	588,100	588,100	439,445	(148,655)
TOTAL REVENUES	<u>14,049,992</u>	<u>14,049,992</u>	<u>15,716,155</u>	<u>1,666,163</u>
EXPENDITURES				
Personal services	7,573,407	7,583,407	7,133,894	449,513
Materials and services	5,934,660	5,934,660	3,796,536	2,138,124
Capital outlay	9,706,000	9,706,000	6,098,824	3,607,176
Contingency	2,250,000	2,235,000	-	2,235,000
Indirect cost allocation	178,294	178,294	178,294	-
TOTAL EXPENDITURES	<u>25,642,361</u>	<u>25,637,361</u>	<u>17,207,548</u>	<u>8,429,813</u>
Excess (deficiency) of revenues over expenditures	(11,592,369)	(11,587,369)	(1,491,393)	10,095,976
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General fund / Sheriff support-patrol	(1,000,000)	(1,000,000)	-	1,000,000
General Fund /Surveyor contract	(332,000)	(337,000)	(248,113)	88,887
General Fund /Juvenile work crew	(10,000)	(10,000)	(1,616)	8,384
General Fund/ ITS support	(15,000)	(15,000)	(1,729)	13,271
GIS Contract	(30,000)	(30,000)	(3,000)	27,000
Sheriff-Road crew contract	(60,000)	(60,000)	(5,625)	54,375
Sheriff-Motor carrier enforcement	-	-	(13,894)	(13,894)
Total transfers to other funds	<u>(1,447,000)</u>	<u>(1,452,000)</u>	<u>(273,977)</u>	<u>1,178,023</u>
Interfund loan transfer activity				
Loan repayments received from other funds:				
General fund /Clerk	22,266	22,266	22,265	(1)
General fund /Sheriff	250,000	250,000	250,000	-
General fund /Albany police property	194,822	194,822	194,821	(1)
General fund /Planning	84,864	84,864	84,863	(1)
General fund / parks Marina	101,003	101,003	101,003	-
General fund / Assessment and Tax	68,134	68,134	68,133	(1)
General fund /Accounting software	125,209	125,209	125,209	-
General fund / Willamette property	70,773	70,773	70,772	(1)
General fund / Tangent property	96,049	96,049	96,048	(1)
Veterans Home Loan	1,504,032	1,504,032	1,504,032	-
Repayment Jackson Street	90,097	90,097	90,096	(1)
Loan advances made to other funds:				
General fund / Sheriff support-patrol	(1,000,000)	(1,000,000)	-	1,000,000
General fund / APD building improvements	(1,750,000)	(1,750,000)	(750,000)	1,000,000
Total interfund loan transfer activity	<u>(142,751)</u>	<u>(142,751)</u>	<u>1,857,242</u>	<u>1,999,993</u>

See notes to basic financial statements
Statement continued on next page

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

	Budget		Actual	Variance
	Original	Final		
Reserve for future years	\$ (1,989,880)	\$ (1,989,880)	\$ -	\$ 1,989,880
TOTAL OTHER FINANCING SOURCES (USES)	(3,579,631)	(3,584,631)	1,583,265	5,167,896
Net change in fund balance	(15,172,000)	(15,172,000)	91,872	15,263,872
Fund balance at beginning of year	15,172,000	15,172,000	15,578,062	406,062
Fund balance at end of year	\$ -	\$ -	15,669,934	\$ 15,669,934
Reconciliation to GAAP basis:				
Current reconciling items:				
Accounts receivable and available			16,684	
Cash imprest adjustment			350	
Fair value adjustment			2,490	
Due from other funds			21,537	
Due from other governments and available			95,732	
Investment in fuel facility			101,283	
Inventories			1,829,489	
Accounts payable			(197,926)	
Contracts payable			(301,216)	
Due to other funds			(49,775)	
Payroll, payroll taxes and benefits payable			(636,363)	
Total current reconciling items			882,285	
Long-term portion of interfund loan receivable			10,963,561	
Total all reconciling items			11,845,846	
Fund balance (GAAP basis) at end of year			\$ 27,515,780	

LINN COUNTY

LAW ENFORCEMENT 4-YEAR LEVY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 23,070,077	\$ 23,070,077	\$ 23,575,032	\$ 504,955
Interest earnings	35,978	35,978	73,429	37,451
Miscellaneous	-	-	82	82
TOTAL REVENUES	<u>23,106,055</u>	<u>23,106,055</u>	<u>23,648,543</u>	<u>542,488</u>
EXPENDITURES				
Personal services	17,283,040	17,288,040	16,835,474	452,566
Materials and services	4,454,803	4,654,803	3,568,407	1,086,396
Capital outlay	1,818,005	1,863,005	876,862	986,143
Indirect cost allocation	631,633	631,633	631,633	-
TOTAL EXPENDITURES	<u>24,187,481</u>	<u>24,437,481</u>	<u>21,912,376</u>	<u>2,525,105</u>
Excess (deficiency) of revenues over expenditures	<u>(1,081,426)</u>	<u>(1,331,426)</u>	<u>1,736,167</u>	<u>3,067,593</u>
OTHER FINANCING SOURCES (USES)				
Transfer to General fund	(23,000)	(23,000)	(23,000)	-
Loan repayment	(250,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(273,000)</u>	<u>(23,000)</u>	<u>(23,000)</u>	<u>-</u>
Net change in fund balance	(1,354,426)	(1,354,426)	1,713,167	3,067,593
Fund balance at beginning of year	<u>1,354,426</u>	<u>1,354,426</u>	<u>1,799,102</u>	<u>444,676</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>3,512,269</u>	<u>\$ 3,512,269</u>
Reconciliation to GAAP basis:				
Property taxes receivable and available			97,280	
Fair value adjustment			558	
Accounts payable			(317,534)	
Due to other governments			(24,589)	
Due to other funds			(13,346)	
Payroll, payroll taxes and benefits payable			<u>(1,413,687)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 1,840,951</u>	

See notes to basic financial statements

LINN COUNTY
HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Health administration:				
Grants	\$ 138,022	\$ 138,022	\$ 275,578	\$ 137,556
Managed care capitation	116,924	116,924	-	(116,924)
Indirect cost reimbursement	43,162	43,162	43,162	-
Mental health services:				
Grants	5,292,154	5,292,154	5,476,956	184,802
Group home room and board	40,000	40,000	3,805	(36,195)
Title XIX	521,000	521,000	466,490	(54,510)
Contracts	-	-	93,784	93,784
Managed care	9,046,061	9,046,061	8,567,477	(478,584)
Reimbursements	749,000	749,000	452,383	(296,617)
Interest earnings	24,000	24,000	16,322	(7,678)
Miscellaneous fees	30,870	30,870	7,675	(23,195)
Developmental disabilities:				
Grants	2,371,117	3,550,016	2,936,757	(613,259)
Interest earnings	1	1	7,726	7,725
Alcohol and drug:				
Grants	2,128,123	2,128,123	2,161,117	32,994
Beer and wine tax	122,000	122,000	107,075	(14,925)
Title XIX	245,000	245,000	218,236	(26,764)
Contracts	-	-	8,351	8,351
Local option tax	-	-	128,116	128,116
Managed care	1,382,500	1,382,500	1,601,916	219,416
Reimbursements	50,231	50,231	115,730	65,499
Miscellaneous fees	54,935	54,935	20,951	(33,984)
Interest earnings	2,200	2,200	10	(2,190)
Donations/Gifts	-	-	5,000	5,000
Indirect cost reimbursement	194,675	194,675	194,675	-
Public health:				
Grants	1,499,646	1,499,646	1,439,449	(60,197)
Medicaid administration	140,000	140,000	59,658	(80,342)
Title XIX	430,000	430,000	222,334	(207,666)
Family-PEP	125,000	125,000	38,216	(86,784)
Miscellaneous fees	141,000	141,000	129,571	(11,429)
Reimbursements	39,125	39,125	40,531	1,406
Interest earnings	-	-	156	156
Indirect cost reimbursement	214,037	214,037	214,037	-
Environmental health:				
Grants	100,652	140,652	122,562	(18,090)
Licenses and permits	417,000	417,000	529,078	112,078
Miscellaneous fees	317,000	317,000	380,687	63,687
Interest earnings	1,500	1,500	3,422	1,922
TOTAL REVENUES	25,976,935	27,195,834	26,088,993	(1,106,841)

See notes to basic financial statements
Statement continued on next page

HEALTH FUND (Continued)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES				
Personal services	\$ 25,554,355	\$ 26,478,254	\$ 22,400,155	\$ 4,078,099
Materials and services	5,347,035	5,712,035	5,270,389	441,646
Capital outlay	111,007	171,007	-	171,007
Contingency	3,020,776	2,990,776	-	2,990,776
Indirect cost allocation	1,417,927	1,417,927	1,417,927	-
TOTAL EXPENDITURES (1)	35,451,100	36,769,999	29,088,471	7,681,528
Excess (deficiency) of revenues over expenditures	(9,474,165)	(9,574,165)	(2,999,478)	6,574,687
OTHER FINANCING SOURCES (USES)				
Transfer in / General fund	816,791	916,791	916,791	-
Loan repayment from General fund	183,774	183,774	183,774	-
TOTAL OTHER FINANCING SOURCES (USES)	1,000,565	1,100,565	1,100,565	-
Net change in fund balance	(8,473,600)	(8,473,600)	(1,898,913)	6,574,687
Fund balance at beginning of year	8,473,600	8,473,600	3,771,400	(4,702,200)
Fund balance at end of year	\$ -	\$ -	1,872,487	\$ 1,872,487

Reconciliation to GAAP basis:

Fair value adjustment	297
Accounts receivable, net and available	193,573
Due from other governments and available	1,947,929
Due from other funds	2,530
Advances to other funds	866,207
Accounts payable	(182,268)
Due to other funds	(14,576)
Payroll, payroll taxes and benefits payable	(1,694,386)
Fund balance (GAAP basis) at end of year	\$ 2,991,793

(1) Summary of Expenditures by Program

Health administration	\$ 517,596	\$ 517,596	\$ 419,256	\$ 98,340
Mental - emotional disturbances	18,043,008	18,043,008	15,771,746	2,271,262
Developmental disabilities	2,661,410	3,840,309	2,444,395	1,395,914
Alcohol and drug	4,086,372	4,086,372	4,045,514	40,858
Public health	2,804,912	2,904,912	2,419,735	485,177
Health Information technology	1,982,421	1,982,421	1,645,184	337,237
Environmental health	916,678	986,678	924,714	61,964
Contingency	3,020,776	2,990,776	-	2,990,776
Indirect cost allocation	1,417,927	1,417,927	1,417,927	-
TOTAL EXPENDITURES BY PROGRAM	\$ 35,451,100	\$ 36,769,999	\$ 29,088,471	\$ 7,681,528

LINN COUNTY

**VETERANS HOME LOAN (PROPERTIES FUND)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 1,431,732	\$ 1,431,732	\$ 1,549,867	\$ 118,135
Interest earnings	2,300	2,300	6,575	4,275
Miscellaneous	-	-	6,113	6,113
TOTAL REVENUES	1,434,032	1,434,032	1,562,555	128,523
OTHER FINANCING SOURCES (USES)				
Loan repayment	(1,504,032)	(1,504,032)	(1,504,032)	-
Net change in fund balance	(70,000)	(70,000)	58,523	128,523
Fund balance at beginning of year	70,000	70,000	58,747	(11,253)
Fund balance at end of year	\$ -	\$ -	117,270	\$ 117,270
Reconciliation to GAAP basis:				
Property tax receivable and available			6,413	
Advances from other funds			(4,402,714)	
Fund balance (GAAP basis) at end of year			\$ (4,279,031)	

LINN COUNTY
PROPRIETARY FUND
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, 2018

	Governmental Activities
<u>ASSETS</u>	
Current assets	
Cash and investments	\$ 462,476
Due from other funds	12,250
 TOTAL ASSETS	 474,726
 <u>LIABILITIES</u>	
Current liabilities	
Due to other governments	22,566
Claims liability	275,023
 TOTAL LIABILITIES	 297,589
 <u>NET POSITION</u>	
Unrestricted	\$ 177,137

LINN COUNTY
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2018**

	<u>Governmental Activities</u> <u>Internal Service Fund- Unemployment Insurance</u>
OPERATING REVENUES	
Reimbursements	\$ <u>143,623</u>
OPERATING EXPENSES	
Insurance claims	<u>150,602</u>
Operating (loss)	(6,979)
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	<u>8,158</u>
Income before transfers	1,179
Transfer to General fund	<u>(183,000)</u>
Change in net position	(181,821)
Net position - beginning of year	<u>358,958</u>
Net position - end of year	<u>\$ <u>177,137</u></u>

See notes to basic financial statements

LINN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended June 30, 2018

	Governmental Activities
	<u>Internal Service Fund- Unemployment Insurance</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from reimbursements	\$ 143,286
Cash paid for insurance claims	<u>(29,332)</u>
Net cash provided by (used in) operating activities	113,954
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	8,158
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfer to the general fund	<u>(183,000)</u>
Net (decrease) in cash and investments	(60,888)
Cash and investments - beginning of year	<u>523,364</u>
Cash and investments - end of year	<u><u>\$ 462,476</u></u>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:	
Operating (loss)	\$ (6,979)
(Increase) decrease in due from other funds	(337)
Increase (decrease) in due to other government	17,502
Increase (decrease) in claims liability	<u>103,768</u>
Net cash provided by operating activities	<u><u>\$ 113,954</u></u>

See notes to basic financial statements

LINN COUNTY
FIDUCIARY FUND

Agency – This fund accounts 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. In Linn County these include a regional fueling facility, justice courts and various other receipts held by the County Treasurer's office.

LINN COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2018

		Agency
<u>ASSETS</u>		
Cash and investments	\$	3,530,350
Receivables		12,592,536
Due from other governments		95,547
TOTAL ASSETS	\$	16,218,433
 <u>LIABILITIES</u>		
Accounts payable	\$	91,618
Due to other governments		1,075,938
Amounts held in trust		15,050,877
TOTAL LIABILITIES	\$	16,218,433

See notes to basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2018

	<u>Page</u>
1. Summary of Significant Accounting Policies	27 - 37
2. Deposits and Investments.....	37- 41
3. Receivables.....	42
4. Interfund Receivables and Payables.....	42
5. Interfund Loans	43
6. Interfund Transfers.....	44
7. Capital Assets.....	44- 45
8. Due to Other Governments	45
9. Long-Term Obligations.....	46
10. Postemployment Healthcare Benefits	47- 49
11. Retirement Plan.....	49-58
12. Risk Management.....	58-59
13. Contingencies.....	59
14. Construction Commitments	59
15. Fund Deficits.....	60
16. Jointly Governed Organizations.....	60
17. Property Tax Abatement.....	60-61

LINN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2018

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. Significant accounting policies of the County 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. Seven 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 for the agency fund which 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 45 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 bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The County reports the following major governmental funds:

General: 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 has established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirements levels for all funds except the General fund and the General Grants fund. Budgetary controls are established at the department level for the Grants fund, and within each department of the General fund, budgetary controls are at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirements levels.

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.

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 (LGIP), certificates of deposit, US government securities held under repurchase agreements, and other government investments authorized by Oregon revised statutes. The LGIP 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 – inputs are quoted prices in active markets/exchanges for identical assets or liabilities.

Level 2 – inputs are other significant 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, or 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 – inputs are significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

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 45 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.

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. Inter-fund loans

Lending and borrowing arrangements between funds, which are outstanding at the end of the year, are presented as "advances to/from other funds" for the outstanding balances of the interfund loans. All other outstanding balances between funds are reported as due to/from other funds. Advances to/from 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 by 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 owed upon acquisition by the County. The properties are continually offered for sale, and upon sale, 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 when projects under construction are completed.

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, 2018 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 funds that have accrued payroll have 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 represent capital assets, net of accumulated depreciation reduced by outstanding principal of any related debt. Restricted net position represents net position restricted by parties outside of the County (such as creditors, grantors, contributors, or laws, and regulations of other governments). All other net position is 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.

In the governmental fund financial statements, when the County has restricted and unrestricted (committed, assigned or unassigned) resources available, it is the County's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

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 net position reports 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. These include refunded debt charges and pension related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an amount that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Pension related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds report as deferred inflows 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.

2. CASH 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (continued)

A. The County's cash and investments at June 30, 2018, are as follows:

Cash on hand	\$ 14,314
Deposits with financial institutions	
Checking and saving accounts	9,338,433
Investments	20,914,066
	<hr/>
Total cash and investments - all funds	\$ 30,266,813
	<hr/> <hr/>

B. Cash and investments by fund:

Governmental activities

Governmental funds:

General	\$ 2,207,273
General Road	15,672,774
Law Enforcement 4-Year Levy	3,512,827
Health	1,872,784
Veterans Home Loan	117,270
Nonmajor governmental funds	2,891,059
	<hr/>
Total governmental funds	26,273,987

Proprietary fund

Internal Service	462,476
	<hr/>

Total governmental activities 26,736,463

Fiduciary fund

Agency	3,530,350
	<hr/>

Total cash and investments \$ 30,266,813

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (continued)

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. The Oregon State Treasury administers the LGIP.

Investments in the 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, 2018.

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, 2018, the fair value of the position in the LGIP approximates 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. CASH AND INVESTMENTS (continued)

As of June 30, 2018 the County had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturities</u>	<u>Fair Value Activity Level</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	No rating	N/A	Quoted market price, Level 1	\$ <u>14,237,693</u>
<u>Investments held with Keybank National Association</u>				
Corporate bond –NAB 1.875	AA-	7/23/2018	Quoted market price, Level 1	426,013
Municipal Bond –San Bernadina	AA	8/1/2018	Quoted market price, Level 1	265,405
US Agency-FHLB 1.05	AA+	9/28/2018	Quoted market price, Level 1	500,626
US Agency-FICO	AA+	11/2/2018	Quoted market price, Level 1	497,895
US Treasury T-Bond 1.25	(1)	11/15/2018	Quoted market price, Level 1	500,250
Corporate note Pacificorp 5.50	A	1/15/2019	Quoted market price, Level 1	509,327
Corporate bond –CSCO 4.95	A+	2/15/2019	Quoted market price, Level 1	509,151
US Treasury Note 1.625	(1)	4/30/2019	Quoted market price, Level 1	505,656
Corporate bond –FHLB 1.25	AA+	6/21/2019	Quoted market price, Level 1	496,418
US Treasury Note 1.625	(1)	3/15/2020	Quoted market price, Level 1	494,525
Municipal Bond –ORSGEN	AA+	4/1/2020	Quoted market price, Level 1	494,626
Municipal Bond –ORSGEN	AA+	5/1/2020	Quoted market price, Level 1	221,381
US Agency-FHLB 1.875	AA+	6/12/2020	Quoted market price, Level 1	519,862
RFCSP Strips	AA+	7/15/2020	Quoted market price, Level 1	237,791
Municipal Port of Morrow	AA	9/1/2020	Quoted market price, Level 1	<u>497,447</u>
Total Keybank Investments				<u>6,676,373</u>
Total Investments				\$ <u><u>20,914,066</u></u>

(1) rating not required for obligations explicitly guaranteed by the US government

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. CASH 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. 68.08% 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 \$6,676,373 are exposed to 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. The Federal Depository Insurance Corporation (FDIC) provides insurance for the County's deposits with financial institutions up to \$250,000 for the combined total of all non-interest savings deposits. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2018 the County's bank balances were \$10,381,410, and none of these funds were exposed to credit risk.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

As of June 30, 2018, the County had the following receivables:

	<u>General</u>	<u>General Roads</u>	<u>Law Enforcement 4-Year Levy</u>	<u>Health</u>	<u>Veterans Home Loan</u>	<u>Non Major Governmental Funds</u>	<u>Totals</u>
Property taxes	\$ 1,100,879	\$ -	\$ 2,005,802	\$ -	\$ 123,122	\$ -	\$ 3,229,803
Accounts	152,395	44,450	-	3,133,833	-	62,086	3,392,764
Interest	12,751	64,004	14,346	7,646	-	5,606	104,353
Assessment	-	21,739	-	-	-	-	21,739
Subtotal	1,266,025	130,193	2,020,148	3,141,479	123,122	67,692	6,748,659
Less: allowance for uncollectible accounts	-	-	-	(2,131,261)	-	-	(2,131,261)
Receivables, net	<u>\$ 1,266,025</u>	<u>\$ 130,193</u>	<u>\$ 2,020,148</u>	<u>\$ 1,010,218</u>	<u>\$ 123,122</u>	<u>\$ 67,692</u>	<u>\$ 4,617,398</u>

4. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General	\$ 64,865	\$ 23,226
General Road	21,537	49,775
Law Enforcement 4-Year Levy	-	13,346
Health	2,530	14,576
Non-major governmental funds	286	545
Internal service	12,250	-
	<u>\$ 101,468</u>	<u>\$ 101,468</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

The County has multiple interfund loans as permitted by ORS 294.468. The term of each loan does not exceed ten years, and the governing body has determined that a 2% interest rate is appropriate for these types of loans. Interfund loan balances at June 30, 2018 are as follows:

Date of Loan	Lending Fund	Borrowing Fund	Purpose	Original Amount	Balance at June 30, 2018
4/28/2009	Roads	General	Financial systems software	\$ 860,000	\$ 243,224
8/10/2009	Roads	General-Tax & assessment	ORCATS software	420,000	132,285
12/1/2011	Roads	Veterans Home	Building purchase	12,000,000	4,402,714
6/1/2012	Roads	General	Property purchase-Jackson St	660,000	343,063
3/5/2014	Roads	General	Weyerhauser building improvement	700,000	421,677
6/1/2014	Roads	General	Property purchase-Edgewater	900,000	601,796
10/30/2014	Roads	General	Property purchase-Tangent	950,000	666,990
9/30/2015	Roads	General-Clerk	Election software	200,000	153,568
12/1/2015	Roads	General	Property purchase-Albany police department	1,750,000	1,427,161
12/1/2015	Roads	General-Sheriff	Communication software	2,000,000	1,576,347
9/13/2016	Roads	General-Planning	Planning software	400,000	244,736
7/1/2017	Roads	General	Building improvements (APD building)	750,000	750,000
TOTAL LOANS BY ROADS					<u>10,963,561</u>
12/6/2012	Health	General	Building purchase	1,500,000	866,207
TOTAL LOANS BY HEALTH					<u>866,207</u>
TOTAL OUTSTANDING LOAN BALANCES					<u>\$ 11,829,768</u>
<u>SUMMARY</u>				<u>Interest paid</u>	<u>Principal</u>
				<u>during year</u>	<u>Balance</u>
General fund loans due to Roads				\$ 101,801	\$ 6,560,847
General fund loan due to Health				20,588	866,207
Veterans Home loan due to Roads				<u>95,624</u>	<u>4,402,714</u>
				<u>\$ 218,013</u>	<u>\$ 11,829,768</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. INTERFUND TRANSFERS

Interfund transfers used to pay for administrative services by the general fund, and to reallocated financial resources to funds where they will be expended were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 568,826	\$ 1,278,456
General Road	-	273,977
Law Enforcement 4-Year Levy	-	23,000
Health	916,791	-
Nonmajor governmental funds	371,659	98,843
Unemployment - internal service	-	183,000
TOTAL	<u>\$ 1,857,276</u>	<u>\$ 1,857,276</u>

7. CAPITAL ASSETS

Changes in capital assets during the year were as follows:

	<u>Begin balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>End balance June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 19,228,161	\$ 190,000	\$ -	\$ 19,418,161
Infrastructure	104,668,620	6,812,182	-	111,480,802
Construction in progress	12,333,038	6,738,235	13,055,363	6,015,910
Total capital assets not being depreciated	<u>136,229,819</u>	<u>13,740,417</u>	<u>13,055,363</u>	<u>136,914,873</u>
Capital assets being depreciated				
Buildings and improvements	51,392,968	-	-	51,392,968
Intangibles	5,018,126	482,603	-	5,500,729
Equipment	25,892,219	2,328,985	415,940	27,805,264
Infrastructure	34,001,750	4,751,319	-	38,753,069
Total capital assets being depreciated	<u>\$ 116,305,063</u>	<u>\$ 7,562,907</u>	<u>\$ 415,940</u>	<u>\$ 123,452,030</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. CAPITAL ASSETS (continued)

Less accumulated depreciation for:

Buildings and improvements	\$ 15,043,774	\$ 829,499	\$ -	\$ 15,873,273
Intangibles	1,109,827	451,299	-	1,561,126
Equipment	16,379,327	1,056,378	378,485	17,057,220
Infrastructure	<u>9,766,312</u>	<u>690,463</u>	<u>-</u>	<u>10,456,775</u>
Total accumulated depreciation	<u>42,299,240</u>	<u>3,027,639</u>	<u>378,485</u>	<u>44,948,394</u>
Total capital assets, being depreciated, net	<u>74,005,823</u>	<u>4,535,268</u>	<u>37,455</u>	<u>78,503,636</u>
Governmental activities capital assets, net	<u>\$ 210,235,642</u>	<u>\$ 18,275,685</u>	<u>\$ 13,092,818</u>	<u>\$ 215,418,509</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General administration and support	\$ 206,335
Local government services	34,117
Public safety	708,400
Health services	230,730
Community development	480,138
Highways and streets	<u>1,367,919</u>
Total depreciation expense – governmental activities	<u>\$ 3,027,639</u>

8. DUE TO OTHER GOVERNMENTS

At June 30, 2018 Linn County’s General fund, Grants fund, and Law Enforcement fund owed the Linn Regional Fueling Facility \$32,858 for gasoline used in June 2018. In addition Linn County’s County School fund had received \$601,965 of school apportionment at year end not yet disbursed to County school districts.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

A. Compensated absences

The County's outstanding obligation for accumulated compensated absences at June 30, 2018 is as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Balances due</u> <u>within one year</u>
Accumulated compensated absences	\$ 3,920,368	\$ 3,983,774	\$ 3,920,368	\$ 3,983,774	\$ 2,937,618
Totals	<u>\$ 3,920,368</u>	<u>\$ 3,983,774</u>	<u>\$ 3,920,368</u>	<u>\$ 3,983,774</u>	<u>\$ 2,937,618</u>

All major funds and the general grants fund have budgeted personnel services which will liquidate the liability for compensated absences when used.

B. 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, 2018, were \$165,764. Future minimum lease payments for the County's non-cancelable leases are as follows:

	<u>Year ending</u> <u>June 30,</u>
2019	\$ 132,611
2020	99,458
2021	66,306
2022	33,153
2023	<u>16,576</u>
	<u>\$ 348,104</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. POSTEMPLOYMENT HEALTHCARE BENEFIT (GASB 75)

The County implemented GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* for the year ending June 30, 2017. To comply with GASB 75, the County must account for other postemployment benefits (OPEB) using the accrual basis of accounting. 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 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 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. The County has not set aside any assets to pre-fund OPEB resulting from the implicit rate subsidy.

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)

Deferred inflows and outflows resulting from OPEB

The County's current OPEB actuarial report does not show that there are any deferred inflows or outflows of resources resulting from the OPEB actuarial valuation.

Net OPEB obligation

The calculation of the net OPEB obligation as of June 30, 2018 was as follows:

	<u>2018</u>
Service cost	\$ 124,450
Interest	69,852
Contributions made	<u>(115,947)</u>
Change in net OPEB obligation	78,355
Net OPEB obligation at beginning of year	<u>2,324,148</u>
Net OPEB obligation at end of year	<u>\$ 2,402,503</u>
Covered payroll	\$ 33,693,744
Net OPEB obligation as a percentage of covered payroll	7.13%

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, 2018	1% Decrease	Current Discount Rate	1% Increase
	<u>2% Discount Rate</u>	<u>3 % Discount Rate</u>	<u>4% Discount Rate</u>
Total OPEB Liability	\$ 2,624,590	\$ 2,402,503	\$ 2,199,567

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, 2018	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	\$ 2,097,401	\$ 2,402,503	\$ 2,766,074

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/2017-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 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 retirement age for police and fire members are age 60 or age 53 with 25 years of retirement credit.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (continued)

To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

A member of the 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. 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 a December 31, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$4,994,324 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, 2018, the County reported a net pension liability of \$61,406,151 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2015. 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 employer's, actuarially determined. As of the measurement date of June 30, 2017, the County's proportion was .4555 percent. For the year ended June 30, 2018, the County recognized pension expense of \$5,670,850.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.	\$ 2,969,628	\$ -
Changes in Assumptions.	11,193,246	-
Net difference between projected and actual earnings on pension plan investments.	632,627	-
Changes in proportion share and differences between employer contributions and proportionate share of contributions.	825 1,680,846	4,389,747 561,340
Subtotal-Amortized Deferrals (see table below)	16,477,172	4,951,087
Contributions subsequent to the measurement date	4,994,324	-
Total deferred outflows/(inflows) of resources	<u>\$ 21,471,496</u>	<u>\$ 4,951,087</u>

Contributions of \$4,994,324 were made subsequent to the measurement date, but prior to the end of the County's reporting period. These contributions will be included as a reduction of the net pension liability in fiscal years after June 30, 2018.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (continued)

Amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal years ending June 30:</u>	
2018-19	\$ 1,916,638
2019-20	6,917,943
2020-21	4,510,685
2021-22	(1,838,750)
2022-23	19,569
Thereafter	-
Total	<u>\$ 11,526,085</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 16, 2018.

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, 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)

Actuarial Methods and Assumptions

Valuation date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of living adjustment	Blend of 2% cola and graded cola (1.25% / .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 2015 Experience Study which reviewed experience for the four-year period ending on December 31, 2015.

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
<i>Assumed Inflation - Mean</i>		2.50%

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)	\$ 104,647,294	\$ 61,406,151	\$ 25,248,549

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)

Defined Contribution Plan

OPSRP Individual Account Program – (OPSRP IAP), Plan Description:

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The new plan, 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 OPSRP IAP plan. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's OPSRP IAP account, 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 OPSRP IAP. The County makes this contribution on behalf of its employees. The County contributed approximately \$2,373,521 for the year ended June 30, 2018. Upon retirement, a member of the OPSRP 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, or 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.

Plan Description - RHIA

As a member of Oregon Public Employees Retirement System (OPERS) the County contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy - RHIA

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. RETIREMENT PLAN (continued)

Funding Policy – RHIA (continued)

must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the County currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The County's contributions to RHIA for the years ended June 30, 2016, 2017 and 2018 were \$178,904, \$187,715, and \$181,407, respectively, which equaled the required contributions each year.

At June 30, 2018, the County's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

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 \$275,023 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>
2017-18	\$ 171,255	\$ 416,946	\$ 29,332	\$ 275,023
2016-17	90,604	240,966	20,893	171,255
2015-16	131,928	160,215	62,317	90,604

13. CONTINGENCIES

The County is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The likely outcome of these suits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material effect on the County's General Fund.

14. COMMITMENTS

A. Construction commitments Linn County has the following active construction projects as of June 30, 2018.

	<u>Spent to date</u>	<u>Remaining commitment</u>
Bridge/Road improvements	\$ 5,457,855	\$ 27,912,145
Justice Center	424,990	120,000
County telephone system upgrade	133,065	235,000
Totals	<u>\$ 6,015,910</u>	<u>\$ 28,267,145</u>

Road and bridge improvements are funded primarily by state and federal grants.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. FUND DEFICITS

At June 30, 2018, General fund had a deficit fund balance of (\$7,810,257). The causes of the deficit are the inter-fund loans the General fund has with the Roads and Health funds that have outstanding balances totaling \$7,427,054, plus the accrued payroll of \$2,624,230 at year end. The loans will be paid back with general fund revenue over a term not to exceed ten years for each individual loan.

At June 30, 2018, the Veterans' Home Loan fund had a deficit fund balance of (\$4,279,031) primarily due to the inter-fund loan with the Roads fund that has an outstanding balance of \$4,402,714 as of June 30, 2018.

16. JOINTLY GOVERNED ORGANIZATIONS

The County is a participant in two jointly governed organizations and manages the daily operations of each of them:

- Linn County Emergency Telephone Agency - the County does not have an equity interest in this organization.
- Linn Regional Fueling Facility - the County has a 33.8 percent interest in the equity of this organization.

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, 2018, Linn County had tax abatements through three programs: Nonprofit Low Income Rental Housing, Enterprise Zone, and Construction in Process in Enterprise Zone that impacted their levied taxes.

Nonprofit Corporation Low Income Rental Housing (ORS 307.541):

- This State of Oregon program allows property tax exemptions if the property is owned or being purchased by a corporation subject to section 501(c)(3) or (4) of the Internal Revenue Code that is exempt from income taxation under section 501(a). In addition the property must be occupied by low income persons; or be held for the purpose of developing low income housing. For further discussion, please refer to ORS 307.541.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. PROPERTY TAX ABATEMENTS (continued)

Enterprise Zone (ORS 285C.175) (continued)

- 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.

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.

For the fiscal year ended June 30, 2018, Linn County had abated property taxes totaling \$721,658 under these programs.

Program	ORS	Code Area	Exempt/ Abated Value	Linn County	Linn County Local option	Linn County Local Option II	Consolidated Linn County Tax Rate	Tax Abatement
Nonprofit low income rental housing								
Linn County	307.541	code 801	4,432,490	0.0011896	0.0028300	0.0001775	0.0041971	\$ 18,604
Enterprise zone								
Linn County	285C.175	code 701	3,564,610	0.0011241	0.0028300	0.0001900	0.0041441	14,772
Linn County		code 801	46,016,970	0.0011896	0.0028300	0.0001775	0.0041971	193,138
Linn County		code 805	8,623,050	0.0012736	0.0028300	0.0001900	0.0042936	37,024
Linn County		code 808	43,845,360	0.0012736	0.0028300	0.0001900	0.0042936	188,254
Linn County		code 846	11,849,830	0.0011896	0.0028300	0.0001775	0.0041971	49,735
Linn County		code 905	52,790	0.0010779	0.0028300	0.0001866	0.0040945	216
Linn County		code 925	48,534,570	0.0010779	0.0028300	0.0001866	0.0040945	198,725
Linn County		code 5501	528,240	0.0012736	0.0028300	0.0001900	0.0042936	2,268
Linn County		code 5502	243,990	0.0012736	0.0028300	0.0001900	0.0042936	1,048
Enterprise zone construction in process								
Linn County	285C.170	code 801	585,570	0.0011896	0.0028300	0.0001775	0.0041971	2,458
Linn County		code 808	3,520,200	0.0012736	0.0028300	0.0001900	0.0042936	15,114
Linn County		code 12704	70,260	0.0012736	0.0028300	0.0001900	0.0042936	302
Total Linn County Tax Abatement								\$ 721,658

REQUIRED SUPPLEMENTARY INFORMATION

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

Five Years - 2014-2018

Fiscal Year (Ending June 30)					
	2017-18	2016-17	2015-16	2014-15	2013-14
Arterials					
Planned	\$ 619,180	\$ 608,875	\$ 481,587	\$ 525,916	\$ 171,790
Actual	\$ 608,129	\$ 592,565	\$ 495,095	\$ 526,678	\$ 169,825
Collectors					
Planned	\$ 5,056,637	\$ 4,972,479	\$ 3,678,405	\$ 4,016,998	\$ 3,280,373
Actual	\$ 4,966,386	\$ 4,839,279	\$ 3,781,581	\$ 4,022,816	\$ 3,242,853
Local					
Planned	\$ 4,643,851	\$ 4,566,562	\$ 5,013,088	\$ 5,474,537	\$ 4,728,318
Actual	\$ 4,560,967	\$ 4,444,235	\$ 5,153,701	\$ 5,482,466	\$ 4,674,237
Total Planned	\$ 10,319,668	\$ 10,147,916	\$ 9,173,079	\$ 10,017,451	\$ 8,180,481
Total Actual	\$ 10,135,482	\$ 9,876,079	\$ 9,430,378	\$ 10,031,960	\$ 8,086,916
Difference	\$ 184,186	\$ 271,837	\$ (257,299)	\$ (14,509)	\$ 93,565

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.

Functional Class	Pavement Condition Index (weighted average)		
	2018	2016	2014
Arterial	80.8	88.6	89.1
Collector	76.8	77.1	75.9
Residential / Local	76.7	79.8	80.8

The pavement condition index (PCI) for each road segment is calculated using the Street Saver Pavement Management System from the Metropolitan Transportation Commission. 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 2018 pavement inspection data is the most recent and is reflected in the table above. Maintenance treatments performed in the summer of 2018 are not included. They will be reflected in the report for next fiscal year. The next scheduled pavement inspection cycle is summer/fall 2020.

LINN COUNTY

**MEDICAL BENEFIT - ACCOUNTING UNDER GASB 75
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS***

	2018	2017
Changes for the year:		
Service cost	\$ 124,450	\$ 124,450
Interest	69,852	67,498
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other input	-	-
Benefit payments	(115,947)	(111,048)
Net changes for the year	78,355	80,900
Total OPEB liability at beginning of year	2,324,148	2,243,248
Total OPEB liability at end of year	\$ 2,402,503	\$ 2,324,148
Covered payroll	\$ 33,693,744	\$ 32,712,373
Total OPEB liability as a percentage of covered payroll	7.13%	7.10%

*Information will be accumulated until ten years are presented.

LINN COUNTY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the year ended June 30, 2018

Last ten fiscal years*

Year ended June 30,	Employer's proportion of the net pension liability (NPL)	Employer's proportionate share of the net pension liability (NPL)	Linn County covered payroll	NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.4555	\$ 61,406,151	37,957,371	161.8%	83.1%
2017	0.4865	73,028,662	35,166,218	207.7%	73.0%
2016	0.5420	31,119,510	32,712,922	95.1%	91.9%
2015	0.5419	(12,283,908)	30,765,157	-40%	103.6%
2014	0.5419	27,655,258	30,446,370	90.8%	92.0%

*Information will be accumulated until ten years are presented.

LINN COUNTY

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Last ten fiscal years*

Year ended June 30,	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
2018	\$ 4,994,324	\$ 4,994,324	-	\$ 39,671,124	12.59%
2017	4,389,239	4,389,239	-	37,957,371	11.56%
2016	4,262,510	4,262,510	-	35,166,218	12.12%
2015	2,572,876	2,572,876	-	32,712,922	7.87%
2014	2,480,357	2,480,357	-	30,765,157	8.06%

*Information will be accumulated until ten years are presented.

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

LINN COUNTY

NON-MAJOR SPECIAL REVENUE FUNDS

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

The following special revenue funds are reported as non-major funds by the County:

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.

Corner Preservation – This fund was established to account for expenses incurred or authorized by the County Surveyor in the restoration of government corners. Fund revenues are generated by fee charges for filing and recording instruments under ORS 205.130(2).

Historical Restoration – The fund was created for the purpose of restoring and preserving the Moyer House. The Moyer House is a museum located in the community of Brownsville.

County Forest/Park – The fund was created to accept all proceeds from the sale of timber products or mineral resources from land included in the Forest/Park System. The fund is used to pay the expense of administering, operating and acquiring property for the Forest/Park System, or for development of and operating the County Park System.

County School – Revenues of this fund consists primarily of property taxes and federal and state forestland sales. Proceeds are distributed to the school districts in Linn County.

Federal Forest – Revenues of this fund consist of sales proceeds from federal forestland sales. These proceeds are restricted to the juvenile department and sheriff's office to cover maintenance and patrol costs incurred on federal lands.

LINN COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	County Fair	Law Library	General Grants	Bike Trails	Corner Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Totals
ASSETS										
Cash and investments	\$ 140,763	\$ 240,393	\$ 1,372,883	\$ 9,002	\$ 202,446	\$ 1,454	\$ 41,163	\$ 601,965	\$ 280,990	\$ 2,891,059
Receivables, net	-	-	67,692	-	-	-	-	-	-	67,692
Due from other funds	286	-	-	-	-	-	-	-	-	286
Due from other governments	-	-	164,116	-	-	-	-	-	-	164,116
TOTAL ASSETS	\$ 141,049	\$ 240,393	\$ 1,604,691	\$ 9,002	\$ 202,446	\$ 1,454	\$ 41,163	\$ 601,965	\$ 280,990	\$ 3,123,153
LIABILITIES										
Accounts payable	\$ 9,610	\$ 642	\$ 38,683	\$ -	\$ -	\$ -	\$ 4,725	\$ -	\$ -	\$ 53,660
Due to other funds	545	-	-	-	-	-	-	-	-	545
Due to other governments	-	-	910	-	-	-	-	601,965	-	602,875
Unearned revenue	-	-	139,286	-	-	-	-	-	-	139,286
Payroll, payroll taxes and benefits payable	-	4,732	64,509	-	-	-	-	-	-	69,241
TOTAL LIABILITIES	10,155	5,374	243,388	-	-	-	4,725	601,965	-	865,607
FUND BALANCES										
Restricted for:										
Grants/ minor funds	130,894	235,019	1,361,303	9,002	202,446	1,454	36,438	-	280,990	2,257,546
TOTAL FUND BALANCES	130,894	235,019	1,361,303	9,002	202,446	1,454	36,438	-	280,990	2,257,546
TOTAL LIABILITIES AND FUND BALANCES	\$ 141,049	\$ 240,393	\$ 1,604,691	\$ 9,002	\$ 202,446	\$ 1,454	\$ 41,163	\$ 601,965	\$ 280,990	\$ 3,123,153

LINN COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2018

	County Fair	Law Library	General Grants	Bike Trails	Comer Preser- vation	Historical Restoration	County Forest/ Park	County School	Federal Forest	Totals
REVENUES										
Intergovernmental	\$ 53,167	\$ -	\$ 1,961,441	\$ 88,405	\$ -	\$ -	\$ -	\$ 1,743,546	\$ 280,990	\$ 4,127,549
Licenses, permits, fines and services	406,577	100,716	1,091,031	-	-	-	38,059	-	-	1,636,383
Interest earnings	-	3,750	8,284	5,191	2,006	90	571	3,619	-	23,511
Miscellaneous	-	-	-	-	-	4,214	-	-	-	4,214
TOTAL REVENUES	459,744	104,466	3,060,756	93,596	2,006	4,304	38,630	1,747,165	280,990	5,791,657
EXPENDITURES										
Public safety	-	104,369	926,960	-	-	-	-	-	-	1,031,329
Community development	439,392	-	1,709,765	-	(5,612)	25,021	46,440	-	-	2,215,006
Apportionments to school districts	-	-	-	-	-	-	-	1,747,165	-	1,747,165
Capital outlay	-	-	-	548,465	-	-	-	-	-	548,465
Indirect cost allocation	-	19,652	12,438	-	12,082	-	-	-	-	44,172
TOTAL EXPENDITURES	439,392	124,021	2,649,163	548,465	6,470	25,021	46,440	1,747,165	-	5,586,137
Excess (deficiency) of revenues over expenditures	20,352	(19,555)	411,593	(454,869)	(4,464)	(20,717)	(7,810)	-	280,990	205,520
OTHER FINANCING SOURCES (USES)										
Transfers in	60,000	4,100	114,994	-	192,565	-	-	-	-	371,659
Transfers out	-	-	(2,500)	-	(96,343)	-	-	-	-	(98,843)
TOTAL OTHER FINANCING SOURCES (USES)	60,000	4,100	112,494	-	96,222	-	-	-	-	272,816
Net change in fund balances	80,352	(15,455)	524,087	(454,869)	91,758	(20,717)	(7,810)	-	280,990	478,336
Fund balances at beginning of year	50,542	250,474	837,216	463,871	110,688	22,171	44,248	-	-	1,779,210
Fund balances (deficit) at end of year	\$ 130,894	\$ 235,019	\$ 1,361,303	\$ 9,002	\$ 202,446	\$ 1,454	\$ 36,438	\$ -	\$ 280,990	\$ 2,257,546

LINN COUNTY

COUNTY FAIR - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Oregon State lottery distribution	\$ 53,000	\$ 53,000	\$ 53,167	\$ 167
Parking fees	28,000	28,000	27,293	(707)
Sponsorship fees	120,000	120,000	141,100	21,100
Gate fees, carnival fees, entry fees	94,900	94,900	111,105	16,205
Booth revenues, contracts, miscellaneous	96,000	96,000	126,029	30,029
Interest earnings	100	100	764	664
TOTAL REVENUES	<u>392,000</u>	<u>392,000</u>	<u>459,458</u>	<u>67,458</u>
EXPENDITURES				
Materials and services	<u>452,000</u>	<u>452,000</u>	<u>452,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>7,458</u>	<u>67,458</u>
OTHER FINANCING SOURCES (USES):				
Transfer from General fund	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net change in fund balance	-	-	67,458	67,458
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>73,305</u>	<u>73,305</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	140,763	<u>\$ 140,763</u>
Reconciliation to GAAP basis:				
Due from other funds			286	
Due to other funds			(545)	
Accounts payable			<u>(9,610)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 130,894</u>	

LINN COUNTY

LAW LIBRARY - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Law library fees	\$ 108,519	\$ 108,519	\$ 100,308	\$ (8,211)
Copy and card fees	85	85	74	(11)
Interest earnings	1,300	1,300	3,750	2,450
Miscellaneous	10	10	334	324
TOTAL REVENUES	<u>109,914</u>	<u>109,914</u>	<u>104,466</u>	<u>(5,448)</u>
EXPENDITURES				
Personal services	59,929	59,929	57,397	2,532
Materials and services	92,650	92,650	46,586	46,064
Capital outlay	10,000	10,000	-	10,000
Contingency	191,459	191,459	-	191,459
Indirect cost allocation	19,652	19,652	19,652	-
TOTAL EXPENDITURES	<u>373,690</u>	<u>373,690</u>	<u>123,635</u>	<u>250,055</u>
Excess (deficiency) of revenues over expenditures	<u>(263,776)</u>	<u>(263,776)</u>	<u>(19,169)</u>	<u>244,607</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General fund	4,100	4,100	4,100	-
Total other financing sources (uses)	<u>4,100</u>	<u>4,100</u>	<u>4,100</u>	<u>-</u>
Net change in fund balance	(259,676)	(259,676)	(15,069)	244,607
Fund balance at beginning of year	<u>259,676</u>	<u>259,676</u>	<u>255,462</u>	<u>(4,214)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	240,393	<u>\$ 240,393</u>
Reconciliation to GAAP basis:				
Accounts payable			(642)	
Payroll, payroll taxes and benefits payable			(4,732)	
Fund balance (GAAP basis) at end of year			<u>\$ 235,019</u>	

LINN COUNTY

GENERAL GRANTS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

REVENUES	Budget		Actual	Variance
	Original	Final		
Commissioners:				
State reimbursements	\$ 385,000	\$ 385,000	\$ 322,182	\$ (62,818)
Grants and miscellaneous	360,000	360,000	303,351	(56,649)
Interest earnings	2,300	2,300	4,412	2,112
Parks:				
Rental payments	9,600	9,600	9,400	(200)
Reimbursements	-	-	6,752	6,752
Donations/ gifts	1,000	1,000	-	(1,000)
Grants	457,000	457,000	262,805	(194,195)
Interest earnings	320	320	731	411
Marine gas tax	64,945	64,945	66,813	1,868
Sale of equipment	-	-	9,265	9,265
RV license fees	470,000	470,000	496,879	26,879
Fair	40,130	40,130	41,825	1,695
Sheriff grants:				
Support	319,382	319,382	119,243	(200,139)
Criminal	243,513	243,513	235,347	(8,166)
Corrections	58,500	506,462	503,781	(2,681)
District attorney grants	257,144	257,144	257,307	163
Animal Control donations	15,000	15,000	15,517	517
Juvenile	425,675	471,873	297,534	(174,339)
General Administration:				
Court fees	92,345	92,345	82,266	(10,079)
Interest earnings	900	900	2,062	1,162
General services:				
Rental payments	22,001	22,001	21,769	(232)
Energy utility reimbursement	10,000	10,000	8,853	(1,147)
TOTAL REVENUES	<u>3,234,755</u>	<u>3,728,915</u>	<u>3,068,094</u>	<u>(660,821)</u>

Statement continued on next page

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

EXPENDITURES	Budget		Actual	Variance
	Original	Final		
Commissioner grants	\$ 1,153,800	\$ 1,153,800	\$ 690,419	\$ 463,381
Veterans grants	9,207	9,207	-	9,207
Parks grants	1,026,165	1,026,165	888,219	137,946
Fair grants	74,630	74,630	48,620	26,010
Sheriff grants:				
Support	319,383	329,383	256,595	72,788
Criminal	328,430	328,430	157,454	170,976
Corrections	87,500	535,462	-	535,462
District attorney grants	273,271	273,271	255,709	17,562
Animal Control	55,590	55,590	8,478	47,112
Juvenile	385,844	430,178	250,677	179,501
General Administration	187,083	187,083	84,050	103,033
General Services	97,436	97,436	5,380	92,056
Fair and Expo	1,020	1,020	-	1,020
Contingency	92,181	82,181	-	82,181
Indirect cost allocation	10,574	12,438	12,438	-
TOTAL EXPENDITURES	4,102,114	4,596,274	2,658,039	1,938,235
Excess (deficiency) of revenues over expenditures	(867,359)	(867,359)	410,055	1,277,414
OTHER FINANCING SOURCES (USES):				
Transfers in	105,000	105,000	114,994	9,994
Transfers out	(2,500)	(2,500)	(2,500)	-
Total other financing sources (uses)	102,500	102,500	112,494	9,994
Net change in fund balance	(764,859)	(764,859)	522,549	1,287,408
Fund balance of beginning of year	764,859	764,859	849,916	85,057
Fund balance at end of year	\$ -	\$ -	1,372,465	\$ 1,372,465
Reconciliation to GAAP basis:				
FMV adjustment			218	
Adjust cash			200	
Due from other governments and available			92,522	
Accounts payable			(38,683)	
Due to other governments			(910)	
Payroll, payroll taxes and benefits payable			(64,509)	
Fund balance (GAAP basis) at end of year			\$ 1,361,303	

LINN COUNTY

BIKE TRAILS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Motor vehicle apportionments	\$ 80,806	\$ 80,806	\$ 88,405	\$ 7,599
Interest earnings	<u>2,000</u>	<u>2,000</u>	<u>4,721</u>	<u>2,721</u>
TOTAL REVENUES	<u>82,806</u>	<u>82,806</u>	<u>93,126</u>	<u>10,320</u>
EXPENDITURES				
Capital outlay	<u>548,465</u>	<u>548,465</u>	<u>548,465</u>	<u>-</u>
Net change in fund balance	(465,659)	(465,659)	(455,339)	10,320
Fund balance at beginning of year	<u>465,659</u>	<u>465,659</u>	<u>464,341</u>	<u>(1,318)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,002</u>	<u>\$ 9,002</u>

LINN COUNTY

CORNER PRESERVATION - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON GAAP-BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Interest earnings	\$ 700	\$ 700	\$ 2,006	\$ 1,306
EXPENDITURES				
Materials and services	14,029	14,029	-	14,029
Capital outlay	32,503	32,503	1,156	31,347
Contingency	20,001	15,001	-	15,001
Indirect cost allocation	12,082	12,082	12,082	-
TOTAL EXPENDITURES	78,615	73,615	13,238	60,377
Excess (deficiency) of revenues over expenditures	(77,915)	(72,915)	(11,232)	61,683
OTHER FINANCING SOURCES (USES)				
Transfer from General fund - Clerks office	182,970	182,970	192,565	9,595
Transfer to Surveyor contract/GIS contract	(149,150)	(154,150)	(96,343)	57,807
Reserve for future years	(40,571)	(40,571)	-	40,571
Total other financing sources (uses)	(6,751)	(11,751)	96,222	107,973
Net change in fund balance	(84,666)	(84,666)	84,990	169,656
Fund balance at beginning of year	84,666	84,666	117,456	32,790
Fund balance at end of year	\$ -	\$ -	\$ 202,446	\$ 202,446

LINN COUNTY

**HISTORICAL RESTORATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Interest earnings	\$ 100	\$ 100	\$ 90	\$ (10)
Donations and gifts	<u>2,500</u>	<u>27,500</u>	<u>4,214</u>	<u>(23,286)</u>
TOTAL REVENUES	<u>2,600</u>	<u>27,600</u>	<u>4,304</u>	<u>(23,296)</u>
EXPENDITURES				
Material and services	2,552	2,552	-	2,552
Capital outlay	<u>2,600</u>	<u>27,600</u>	<u>25,021</u>	<u>2,579</u>
TOTAL EXPENDITURES	<u>5,152</u>	<u>30,152</u>	<u>25,021</u>	<u>5,131</u>
Net change in fund balance	(2,552)	(2,552)	(20,717)	(18,165)
Fund balance at beginning of year	<u>2,552</u>	<u>2,552</u>	<u>22,171</u>	<u>19,619</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,454</u>	<u>\$ 1,454</u>

LINN COUNTY

COUNTY FOREST/PARK - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP GUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Reimbursements	\$ -	\$ -	\$ 18,260	\$ 18,260
Firewood sales	-	-	19,799	19,799
Timber sales	250,000	250,000	-	(250,000)
Federal projects	310,000	310,000	-	(310,000)
Interest earnings	300	300	571	271
TOTAL REVENUES	<u>560,300</u>	<u>560,300</u>	<u>38,630</u>	<u>(521,670)</u>
EXPENDITURES				
Materials and services	64,500	64,500	6,828	57,672
Capital outlay	<u>525,800</u>	<u>525,800</u>	<u>34,887</u>	<u>490,913</u>
TOTAL EXPENDITURES	<u>590,300</u>	<u>590,300</u>	<u>41,715</u>	<u>548,585</u>
Net change in fund balance	(30,000)	(30,000)	(3,085)	26,915
Fund balance at beginning of year	<u>30,000</u>	<u>30,000</u>	<u>44,248</u>	<u>14,248</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>41,163</u>	<u>\$ 41,163</u>
Reconciliation to GAAP basis:				
Accounts payable			<u>(4,725)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ 36,438</u>	

LINN COUNTY

COUNTY SCHOOL - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
State forest land sales	\$ 750,000	\$ 854,100	\$ 887,127	\$ 33,027
Federal forest land sales	200,000	200,000	758,102	558,102
Private car co tax	5,000	5,000	1,940	(3,060)
Electric co-op tax	85,000	85,000	96,377	11,377
Interest earnings	800	800	3,619	2,819
Miscellaneous	300	300	-	(300)
TOTAL REVENUES	<u>1,041,100</u>	<u>1,145,200</u>	<u>1,747,165</u>	<u>601,965</u>
EXPENDITURES				
Materials and services	<u>1,041,100</u>	<u>1,145,200</u>	<u>1,145,200</u>	<u>-</u>
Net change in fund balance	-	-	601,965	601,965
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	601,965	<u>\$ 601,965</u>
Reconciliation to GAAP basis:				
Due to other governmnets			<u>(601,965)</u>	
Fund balance (GAAP basis) at end of year			<u>\$ -</u>	

LINN COUNTY

FEDERAL FOREST - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Federal forest fees	\$ -	\$ -	\$ 280,990	\$ 280,990
Net change in fund balance	-	-	280,990	280,990
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 280,990	\$ 280,990

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

UNEMPLOYMENT INSURANCE - INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Reimbursements	\$ 240,000	\$ 240,000	\$ 143,286	\$ (96,714)
Interest earnings	3,000	3,000	7,628	4,628
TOTAL REVENUES	<u>243,000</u>	<u>243,000</u>	<u>150,914</u>	<u>(92,086)</u>
EXPENDITURES				
Materials and services				
Program management	3,000	3,000	1,506	1,494
Claim payments	100,000	100,000	27,826	72,174
Total Materials and services	103,000	103,000	29,332	73,668
Contingency	118,332	118,332	-	118,332
TOTAL EXPENDITURES	<u>221,332</u>	<u>221,332</u>	<u>29,332</u>	<u>192,000</u>
Excess (deficiency) of revenues over expenditures	21,668	21,668	121,582	(284,086)
OTHER FINANCING SOURCES (USES)				
Transfer to General fund	(583,000)	(583,000)	(183,000)	400,000
Net change in fund balance	(561,332)	(561,332)	(61,418)	499,914
Fund balance at beginning of year	561,332	561,332	523,894	(37,438)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	462,476	<u>\$ 462,476</u>
Reconciliation to GAAP basis:				
Due from other funds and available			12,250	
Due to other governments			(22,566)	
Claims liability			(275,023)	
Net position at end of year			<u>\$ 177,137</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, 2018

	Balances June 30, 2017	Additions	Deductions	Balances June 30, 2018
Taxing Districts				
<u>Assets</u>				
Cash and investments	\$ 307,792	\$ 161,188,522	\$ 161,168,216	\$ 328,098
<u>Liabilities</u>				
Amounts held in trust	\$ 307,792	\$ 161,188,522	\$ 161,168,216	\$ 328,098
Treasurer's Departmental				
<u>Assets</u>				
Cash and investments	\$ 602,489	\$ 2,406,357	\$ 1,238,752	\$ 1,770,094
Accounts receivable	709,063	524,777	709,063	524,777
Total assets	\$ 1,311,552	\$ 2,931,134	\$ 1,947,815	\$ 2,294,871
<u>Liabilities</u>				
Due to other governments	709,063	524,777	709,063	524,777
Amounts held in trust	602,489	2,406,357	1,238,752	1,770,094
Total liabilities	\$ 1,311,552	\$ 2,931,134	\$ 1,947,815	\$ 2,294,871
Property Taxes				
<u>Assets</u>				
Cash and investments	\$ 549,099	\$ 161,188,522	\$ 160,480,983	\$ 1,256,638
Property taxes receivable	11,903,383	11,418,292	11,903,383	11,418,292
Total assets	\$ 12,452,482	\$ 172,606,814	\$ 172,384,366	\$ 12,674,930
<u>Liabilities</u>				
Due to other governments	\$ 709,063	\$ 524,777	\$ 709,063	\$ 524,777
Amounts held in trust	11,743,419	161,188,522	160,781,788	12,150,153
Total liabilities	\$ 12,452,482	\$ 161,713,299	\$ 161,490,851	\$ 12,674,930

Statement continued on next page

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

	Balances June 30, 2017	Additions	Deductions	Balances June 30, 2018
Justice Courts, Sheriff and Certain Others				
<u>Assets</u>				
Cash and investments	\$ 71,420	\$ 988,313	\$ 977,348	\$ 82,385
Accounts receivable	515,778	649,467	515,778	649,467
Total assets	<u>\$ 587,198</u>	<u>\$ 1,637,780</u>	<u>\$ 1,493,126</u>	<u>\$ 731,852</u>
<u>Liabilities</u>				
Due to other governments	\$ 22,178	\$ 26,384	\$ 22,178	\$ 26,384
Amounts held in trust	565,020	1,611,396	1,470,948	705,468
Total liabilities	<u>\$ 587,198</u>	<u>\$ 1,637,780</u>	<u>\$ 1,493,126</u>	<u>\$ 731,852</u>
Regional Fuel Facility				
<u>Assets</u>				
Cash and investments	\$ 78,444	\$ 899,706	\$ 885,015	\$ 93,135
Due from other governments	73,080	95,547	73,080	95,547
Total assets	<u>\$ 151,524</u>	<u>\$ 995,253</u>	<u>\$ 958,095</u>	<u>\$ 188,682</u>
<u>Liabilities</u>				
Accounts payable	\$ 22,289	\$ 91,618	\$ 22,289	\$ 91,618
Amounts held in trust	129,235	903,635	935,806	97,064
Total liabilities	<u>\$ 151,524</u>	<u>\$ 995,253</u>	<u>\$ 958,095</u>	<u>\$ 188,682</u>
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 1,609,244	\$ 326,671,420	\$ 324,750,314	\$ 3,530,350
Property taxes receivable	11,903,383	11,418,292	11,903,383	11,418,292
Accounts receivable	1,224,841	1,174,244	1,224,841	1,174,244
Due from other governments	73,080	95,547	73,080	95,547
Total assets	<u>\$ 14,810,548</u>	<u>\$ 339,359,503</u>	<u>\$ 337,951,618</u>	<u>\$ 16,218,433</u>
<u>Liabilities</u>				
Accounts payable	\$ 22,289	\$ 91,618	\$ 22,289	\$ 91,618
Due to other governments	1,440,304	1,075,938	1,440,304	1,075,938
Amounts held in trust	13,347,955	327,298,432	325,595,510	15,050,877
Total liabilities	<u>\$ 14,810,548</u>	<u>\$ 328,465,988</u>	<u>\$ 327,058,103</u>	<u>\$ 16,218,433</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, 2018

	Assessor	Clerk	Commis- sioners	District Attorney	Justice Courts Central Linn/ Lebanon	Sheriff	Surveyor	Tax Collector	Treasurer	Totals
On hand - June 30, 2017	\$ 870	\$ 200	\$ 50	\$ 2,000	\$ 71,420	\$ -	\$ 50	\$ 650	\$ 26,150,986	\$ 26,226,226
Receipts	695,035	1,444,247	629,965	507,860	988,313	6,080,687	471,868	161,188,522	147,678,447	319,684,944
Turnovers and disbursements:										
To County Treasurer	(695,035)	(1,444,247)	(629,965)	(507,860)	(977,348)		(471,868)	(161,188,522)		(165,914,845)
To Others	-	-	-	-	-	(6,080,687)	-	-	(143,648,826)	(149,729,513)
On hand - June 30, 2018 (1)	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 82,385</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 30,180,607</u>	<u>\$ 30,266,812</u>
(1) Consists of:										
Deposits with County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,942,346	15,942,346
Deposits with Local Government Investment Pool	-	-	-	-	-	-	-	-	14,237,693	14,237,693
Due to County Treasurer	-	-	-	-	(54,261)	-	-	-	-	(54,261)
Due to State of Oregon	-	-	-	-	(26,384)	-	-	-	-	(26,384)
Change and revolving funds	870	200	50	2,000	163,030	-	50	650	568	167,418
Totals	<u>\$ 870</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 2,000</u>	<u>\$ 82,385</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 650</u>	<u>\$ 30,180,607</u>	<u>\$ 30,266,812</u>

LINN COUNTY

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2018**

Tax Year	Receivable 6/30/2017	Current Levy	Discounts Allowed	Interest on Delinquent Taxes	Cash Collections	Corrections and Adjustments	Receivable 6/30/2018
2017-18		\$165,474,659	\$ 4,397,129	\$ 77,013	\$ 156,577,607	\$ (362,721)	\$ 4,214,215
2016-17	5,043,412	-	(78)	160,983	2,290,771	(195,029)	2,718,673
2015-16	3,135,270	-	(11)	169,653	989,747	(217,262)	2,097,925
2014-15	2,231,711	-	-	212,526	769,273	(261,293)	1,413,671
2013-14	1,525,805	-	-	156,077	454,308	(174,019)	1,053,555
2012-13	1,009,325	-	-	27,283	54,584	(44,112)	937,912
2011-12	873,474	-	-	22,702	37,005	(37,467)	821,704
prior	1,415,847	-	-	24,016	15,227	(34,196)	1,390,440
Totals	\$ 15,234,844	\$165,474,659	\$ 4,397,040	\$ 850,253	\$ 161,188,522	\$ (1,326,099)	\$ 14,648,095

Fund	Receivable 6/30/2018
General	\$ 1,100,879
Law Enforcement 4-Year Levy	2,005,802
Veterans Home Loan	123,122
Agency	11,418,292
Total	\$ 14,648,095



STATISTICAL SECTION

STATISTICAL SECTION

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 215,418	\$ 210,236	\$ 199,587	\$ 192,271	\$ 187,332	\$ 179,484	\$ 176,725	\$ 175,712	\$ 173,806	\$ 170,723
Restricted	21,059	18,697	16,355	31,758	29,338	-	-	-	-	-
Unrestricted	(44,646)	(37,860)	(23,029)	(10,081)	(3,933)	22,745	23,634	25,003	38,995	42,598
Total net position	\$ 191,831	\$ 191,073	\$ 192,913	\$ 213,948	\$ 212,737	\$ 202,229	\$ 200,359	\$ 200,715	\$ 212,801	\$ 213,321

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities										
General administration and support	\$ 8,375	\$ 8,338	\$ 8,236	\$ 5,480	\$ 5,767	\$ 7,066	\$ 6,160	\$ 6,288	\$ 6,569	\$ 7,595
Local government services	4,013	3,982	4,411	2,676	3,217	3,222	3,371	3,199	3,442	3,565
Public safety	38,696	36,889	46,278	22,864	30,427	29,599	31,413	31,306	32,367	31,132
Health services	29,166	28,925	32,142	20,536	20,725	20,066	20,247	18,799	17,566	16,502
Community development	9,561	8,946	9,677	6,171	6,846	5,552	6,477	19,636	8,269	7,775
Highways and streets	13,759	12,713	13,380	9,590	9,606	10,789	12,404	13,019	12,597	12,032
Apportionments to school districts	1,747	779	1,539	1,733	2,000	1,405	1,314	2,321	2,667	2,676
Interest on long term debt	-	-	-	-	279	267	-	-	13	24
Total expenses	\$ 105,317	\$ 100,572	\$ 115,663	\$ 69,050	\$ 78,867	\$ 77,966	\$ 81,386	\$ 94,568	\$ 83,490	\$ 81,301
Program Revenues										
Governmental Activities										
Fees, Fines, and Charges for service										
General government	\$ 1,608	\$ 1,419	\$ 1,529	\$ 1,519	\$ 1,093	\$ 1,826	\$ 1,491	\$ 1,617	\$ 1,944	\$ 1,929
Public Safety	3,133	2,360	3,257	2,559	2,466	3,119	2,902	3,194	3,835	3,647
Health services	1,164	907	1,072	1,021	952	2,820	1,185	1,191	1,432	1,356
Roads	2,744	4,330	2,942	2,615	2,735	1,540	1,760	1,141	1,371	1,335
Community Development	4,172	3,002	3,125	3,084	2,558	3,223	2,958	2,204	2,647	2,790
Operating Grants and Contributions	40,731	40,852	37,357	39,490	35,718	32,996	36,972	37,367	34,500	41,017
Total program revenues	\$ 53,552	\$ 52,870	\$ 49,282	\$ 50,288	\$ 45,522	\$ 45,524	\$ 47,268	\$ 46,714	\$ 45,729	\$ 52,074
Total net (expense) / revenue	\$ (51,765)	\$ (47,702)	\$ (66,381)	\$ (18,762)	\$ (33,345)	\$ (32,442)	\$ (34,118)	\$ (47,854)	\$ (37,761)	\$ (29,227)
General Revenues										
Governmental activities:										
Taxes										
Property taxes	\$ 36,808	\$ 34,023	\$ 31,765	\$ 30,077	\$ 27,561	\$ 26,464	\$ 26,373	\$ 25,137	\$ 25,285	\$ 25,389
Interest and investment earnings	395	159	314	80	416	117	107	338	479	1,082
Unrestricted grants and contributions	15,320	11,680	13,267	12,569	15,876	9,952	7,283	10,292	11,478	9,010
Total general revenues	\$ 52,523	\$ 45,862	\$ 45,346	\$ 42,726	\$ 43,853	\$ 36,533	\$ 33,763	\$ 35,767	\$ 37,242	\$ 35,481
Total change in net position- governmental activities	\$ 758	\$ (1,840)	\$ (21,035)	\$ 23,964	\$ 10,508	\$ 4,091	\$ (355)	\$ (12,087)	\$ (519)	\$ 6,254

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

<u>Fiscal year ended June 30,</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>
2018	\$ 36,867	\$ 55,725	\$ 7,358	\$ 4,905	\$ 3,073	\$ 107,928
2017	33,841	50,246	7,774	5,183	2,859	99,903
2016	31,577	50,392	7,155	4,770	2,580	96,474
2015	29,852	51,291	6,479	4,320	2,290	94,232
2014	27,561	50,827	6,343	4,228	1,249	90,208
2013	26,464	42,546	7,517	5,011	518	82,056
2012	26,341	44,014	6,178	4,118	505	81,156
2011	25,137	46,771	5,708	3,842	1,022	82,480
2010	25,284	45,360	6,667	4,445	1,215	82,971
2009	24,966	47,818	6,631	4,608	2,413	86,436

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>General fund</u>										
Non spendable										
Committed to										
Interfund loan										
Assigned to										
Unassigned	\$ (7,810)	\$ (9,041)	\$ (7,197)	\$ (6,284)	\$ (5,514)	\$ (6,062)	\$ (4,511)	\$ (2,199)	\$ (1,188)	\$ (743)
Total general fund	(7,810)	(9,041)	(7,197)	(6,284)	(5,514)	(6,062)	(4,511)	(2,199)	(1,188)	(743)
<u>All other governmental funds</u>										
Non spendable										
Inventories	1,829	1,950	1,327	1,076	1,299	1,051	1,164	1,452	1,719	1,580
Committed to										
Interfund loan	11,830	13,653	15,610	13,747	14,613	14,582	2,629	2,258	2,787	1,774
Capital Projects						2,229	3,070	5,419		
Restricted for										
Roads	14,723	15,669	16,432	20,840	20,318	18,033	16,355	14,010	32,444	36,387
Public Safety	1,841	334				57				
Health Services	2,126	2,838	7,590	8,012	6,059	5,079	6,629	5,112	3,748	2,671
Grants/Minor Funds	2,381	1,842	1,575	1,831	1,662	1,344	1,467	1,160	1,449	2,046
Assigned to										
Unassigned	(4,403)	(5,812)	(7,434)	(9,156)	(10,868)	(11,068)	(850)	(758)	(403)	(303)
Total all other governmental funds	\$ 30,327	\$ 30,474	\$ 35,100	\$ 36,350	\$ 33,083	\$ 31,307	\$ 30,464	\$ 28,653	\$ 41,744	\$ 44,155

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 36,867	\$ 33,841	\$ 31,577	\$ 29,853	\$ 27,100	\$ 26,595	\$ 26,341	\$ 24,941	\$ 25,170	\$ 24,961
Licenses and Permits	4,905	5,183	4,770	4,321	3,959	4,016	4,118	3,739	4,421	4,607
Intergovernmental	55,725	50,247	50,393	51,292	50,827	42,546	44,015	46,771	45,360	47,819
Charges for services	7,358	7,774	7,155	6,479	5,940	6,025	6,177	5,608	6,631	6,630
Investment earnings	627	413	521	325	422	480	121	422	487	1,054
Miscellaneous	174	243	192	223	225	212	384	600	727	1,358
Indirect cost reimbursement	2,272	2,202	1,866	1,739	1,736	1,710	-	-	-	-
Total revenues	107,928	99,903	96,474	94,232	90,209	81,584	81,156	82,081	82,796	86,429
Expenditures										
General government (local government)	11,403	10,862	9,621	9,404	8,250	8,703	8,993	9,039	9,179	9,957
Public Safety	35,057	32,540	35,346	29,546	29,889	29,155	30,991	30,965	31,908	30,267
Health Services	27,328	26,884	24,643	24,858	20,626	20,043	20,175	18,822	17,419	16,387
Community development	8,353	8,462	7,541	6,765	6,395	6,458	6,224	19,663	7,904	7,769
Highways and streets	11,801	16,385	11,691	10,745	8,468	9,808	13,959	15,374	16,267	15,905
Apportionments to school districts	1,747	778	1,539	1,733	2,000	1,406	1,314	2,321	2,667	2,676
Capital outlay	8,848	8,175	6,178	6,704	10,242	4,741	-	-	-	-
Indirect cost allocation	2,272	2,202	1,866	1,733	1,736	1,710	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	295	663
Interest	218	260	211	247	279	267	-	-	13	25
Total expenditures	107,027	106,548	98,636	91,735	87,885	82,291	81,656	96,184	85,652	83,649
Excess of revenues over (under) expenditures	901	(6,645)	(2,162)	2,497	2,324	(707)	(500)	(14,103)	(2,856)	2,780
Other financing sources (uses)										
Transfers in	1,857	1,832	1,915	1,982	1,958	2,201	4,046	3,643	4,293	5,547
Transfers out	(1,674)	(1,657)	(1,915)	(1,982)	(1,958)	(2,201)	(4,046)	(3,643)	(4,293)	(5,547)
Total other financing sources (uses)	183	175	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 1,084	\$ (6,470)	\$ (2,162)	\$ 2,497	\$ 2,324	\$ (707)	\$ (500)	\$ (14,103)	\$ (2,856)	\$ 2,780
Debt service as a percentage of noncapital expenditures	0.20%	0.24%	0.21%	0.27%	0.32%	0.32%	0.00%	0.00%	0.36%	0.82%

LINN COUNTY
INTERGOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Federal	State	Cities and Other	Totals	Per Capita
2017-2018	\$ 8,563,882	\$ 34,925,596	\$ 12,235,364	\$ 55,724,842	449
2016-2017	4,738,912	33,984,225	11,523,740	50,246,877	411
2015-2016	9,418,795	33,264,502	7,708,775	50,392,072	417
2014-2015	10,191,186	35,049,234	6,051,326	51,291,746	428
2013-2014	12,168,849	33,017,481	5,640,990	50,827,320	428
2012-2013	9,828,607	29,974,876	2,742,715	42,546,198	360
2011-2012	10,658,575	29,581,523	3,774,442	44,014,540	375
2010-2011	13,256,530	29,390,032	4,125,077	46,771,639	401
2009-2010	14,288,642	27,720,567	3,351,255	45,360,464	407
2008-2009	14,806,326	25,657,910	7,354,751	47,818,987	434

Population used to calculate per capita comes from Demographics schedule in this report (page 95).

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

Fiscal Year Ended June 30,	Real Property	Manufactured Structures	Personal Property	Utilities	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate Per \$1,000	Estimated Real Market Value	Total Taxable Assessed Value as a Percentage of Estimated RMV
2018	\$ 9,271,794	\$ 134,010	\$ 311,426	\$ 507,412	\$ 35,735	\$ 10,188,907	4.2936	\$ 16,130,441	63.17%
2017	8,915,128	128,910	304,072	485,257	33,193	9,800,174	4.2936	14,532,083	67.44%
2016	8,543,774	121,034	296,402	460,848	32,034	9,390,024	4.2936	13,241,005	70.92%
2015	8,214,875	112,203	275,483	446,542	31,384	9,017,719	4.2936	12,118,178	74.41%
2014	7,932,202	108,688	254,054	425,703	30,625	8,690,022	4.2900	11,395,676	76.26%
2013	7,639,006	107,561	240,404	396,669	27,141	8,356,499	4.0436	10,815,138	77.27%
2012	7,416,487	108,088	228,878	393,791	28,110	8,119,134	4.0436	10,572,478	76.79%
2011	7,361,380	113,366	231,304	328,812	27,519	8,007,343	4.0436	10,879,896	73.60%
2010	7,110,783	114,486	254,022	306,826	25,380	7,760,737	3.6100	12,381,258	62.68%
2009	6,843,926	113,772	252,789	245,359	23,505	7,432,340	3.6232	10,710,762	69.39%

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 Ended June 30,	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
2018	4.29	7.47	5.70	10.44	2.15	2.46	6.90	6.84	6.91	4.62	0.67
2017	4.29	7.48	5.68	10.44	2.15	2.46	6.89	6.94	6.92	4.62	0.67
2016	4.29	7.51	5.30	10.43	2.15	2.46	6.08	7.02	6.94	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
2014	4.29	7.59	5.64	8.64	2.15	2.47	6.32	7.08	6.99	4.62	0.68
2013	4.04	7.66	5.67	8.64	2.15	2.48	6.31	7.02	7.01	4.62	0.69
2012	4.04	7.50	6.18	8.64	2.15	2.48	6.20	7.01	7.00	6.27	0.67
2011	4.04	7.51	5.86	8.63	2.15	2.47	6.19	7.25	6.69	4.62	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
2009	3.62	7.77	6.25	8.67	2.15	2.49	6.20	7.12	6.58	5.21	0.68

(1) Includes Union High School District

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

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

LINN COUNTY
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(amounts expressed in thousands)

Principal Taxpayers	Type of Business	2018		2009			
		2017-18 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2008-09 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centurylink	Communications	\$ 126,705	1	1.29%	\$ -		
Pacific Power & Light (Pacifcorp)	Utility	111,748	2	1.14%	883	6	0.72%
Weyerhaeuser Co./ Willamette Industries	Timber & Forest Products	105,712	3	1.08%	1,360	2	1.11%
Fort James Operating Co.	Timber & Forest Products	104,534	4	1.07%	1,349	4	1.01%
Wah Chang	Rare Metals	95,294	5	0.97%	1,127	5	0.92%
Lowes HIW Inc	Retail distribution	86,689	6	0.88%			
Target Corporation	Retail distribution	69,457	7	0.71%	1,359	3	1.11%
Northwest Natural Gas	Utility	67,693	8	0.69%	725	8	0.59%
Cascade Pacific Pulp LLC	Wood pulp for paper manufacture	59,399	9	0.61%			
Timber Service Co. Inc.	Timber & Forest Products	50,878	10	0.52%			
International Paper (IP Eat Three)	Timber & Forest Products				2,386	1	1.95%
Entek Manufacturing Inc.	Plastic Manufacturing				776	7	0.63%
Oregon Metallurgical Corp	Rare Metals				701	9	0.57%
Oregon Freeze Dry Foods Inc	Produce Processing				545	10	0.45%
Total Principal Taxpayers		878,109		8.96%	11,211		9.06%
Totals		\$ 9,800,176		100%	\$ 7,432,339		100%

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

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

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 37,746	\$ 36,783	97.45%	\$ -	\$ -	
2017	34,504	33,331	96.60%	556	33,887	98.21%
2016	32,523	31,320	96.30%	727	32,047	98.54%
2015	30,476	29,318	96.20%	837	30,155	98.95%
2014	30,476	29,196	95.80%	1,041	30,237	99.22%
2013	27,650	26,572	96.61%	866	27,437	99.23%
2012	27,337	25,486	93.23%	1,664	27,150	99.32%
2011	26,995	25,834	95.30%	1,161	26,995	100.00%
2010	26,141	25,017	95.70%	1,124	26,141	100.00%
2009	25,590	24,387	95.30%	1,203	25,590	100.00%

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 203,778	\$ 196,003	\$ 187,800	\$ 180,982	\$ 173,800	\$ 16,269	\$ 160,147	\$ 154,021	\$ 155,722	\$ 149,117
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 203,778</u>	<u>\$ 196,003</u>	<u>\$ 187,800</u>	<u>\$ 180,982</u>	<u>\$ 173,800</u>	<u>\$ 16,269</u>	<u>\$ 160,147</u>	<u>\$ 154,021</u>	<u>\$ 155,722</u>	<u>\$ 149,117</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Debt Limit Calculation for Fiscal Year 2018:

Estimated Actual Taxable Value	\$ 10,188,908
Debt limit (2% of total assessed value)**	203,778,160
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
	<hr/>
Total net application to limit	-
	<hr/>
Legal Debt Margin	<u>\$ 203,778,160</u>

** Under Oregon law, the County's outstanding general obligation debt may not exceed 2% of the estimated actual taxable value.

Linn County
RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal year ended June 30,	Population*	Governmental Activities				Personal Income	Percentage of Personal Income	Per Capita
		General Obligation Bonds	Loans and Notes Payable	Capital Leases	Totals			
2018	124,010	The County's governmental activities have been debt free since June 30, 2010						
2017	122,315	The County's governmental activities have been debt free since June 30, 2010						
2016	120,860	The County's governmental activities have been debt free since June 30, 2010						
2015	119,705	The County's governmental activities have been debt free since June 30, 2010						
2014	118,665	The County's governmental activities have been debt free since June 30, 2010						
2013	118,035	The County's governmental activities have been debt free since June 30, 2010						
2012	117,340	The County's governmental activities have been debt free since June 30, 2010						
2011	116,672	The County's governmental activities have been debt free since June 30, 2010						
2010	111,355	The County's governmental activities have been debt free since June 30, 2010						
2009	110,185	-	295	-	295			

* Per Portland State Center for Population (beginning of fiscal year)

LINN COUNTY
RATIO OF BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal year ended June 30,	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Totals	Estimated Actual Taxable Value (2)	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2018	\$ -	\$ -	\$ -	\$ 10,188,908	0.00%	-
2017	-	-	-	9,800,174	0.00%	-
2016	-	-	-	9,390,023	0.00%	-
2015	-	-	-	9,017,720	0.00%	-
2014	-	-	-	8,690,022	0.00%	-
2013	-	-	-	8,013,475	0.00%	-
2012	-	-	-	8,119,134	0.00%	-
2011	-	-	-	8,007,344	0.00%	-
2010	-	-	-	7,760,736	0.00%	-
2009	-	-	-	7,432,229	0.00%	-

(1) The County has no General Obligation debt.

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

LINN COUNTY
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2018

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding (In Thousands)</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County (In Thousands)</u>
Direct: Linn County	\$ -	100.00%	\$ -
Overlapping:			
Cities:			
Albany	16,820	72.40%	12,178
Brownsville	6,030	100.00%	6,030
Harrisburg	890	100.00%	890
Lebanon	12,675	100.00%	12,675
Community Colleges:			
Chemeketa	70,070	1.01%	708
Lane	42,510	1.12%	476
Linn-Benton	31,295	48.48%	15,172
School Districts:			
Corvallis	12,905	2.18%	281
Eugene	252,985	0.07%	177
Lane , Marcola	7,200	0.04%	3
Greater Albany	146,420	75.25%	110,181
Harrisburg	435	90.45%	393
Jefferson	14,201	6.81%	967
Lebanon Community	38,125	100.00%	38,125
North Santiam	20,285	20.80%	4,219
Sweet Home	15,330	100.00%	15,330
Water Districts:			
Grand Prairie	392	100.00%	392
Rural Fire Districts:			
Brownsville	1,005	100.00%	1,005
Lebanon	1,185	100.00%	1,185
Harrisburg	6,260	100.00%	6,260
Scio	2,605	100.00%	2,605
Stayton	450	10.58%	48
Total Overlapping	<u>700,073</u>		<u>229,300</u>
Total Direct and Overlapping	<u>\$ 700,073</u>		<u>\$ 229,300</u>

Not included in overlapping: Any jurisdiction with either no debt or no overlapping percentage

Source: Oregon State Treasury, Debt Management Division.

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

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

Fiscal year ended June 30,	(1) Population	(2) Personal Income (amounts expressed as thousands)	(2) Per Capita Personal Income	(3) Public School Enrollment	(2) Unemployment Rate	(4) Marriage Licenses	(5) Linn County Employees
2018	124,010	n/a	n/a	n/a	4.4%	857	694
2017	122,315	n/a	n/a	18,383	4.4%	816	676
2016	120,860	\$ 4,713,141	\$ 38,997	18,746	6.2%	836	636
2015	119,705	4,520,435	37,763	17,484	7.0%	836	635
2014	118,665	4,223,823	35,595	17,376	8.4%	812	605
2013	118,035	3,991,947	33,820	18,325	9.9%	792	603
2012	117,340	3,921,881	33,423	18,068	10.8%	873	662
2011	116,672	3,794,021	32,519	n/a	11.4%	744	651
2010	111,355	3,655,021	32,823	20,094	12.7%	823	646
2009	110,185	3,556,950	32,282	17,855	15.4%	838	660

n/a information not available at this time

Source:

- (1) *Portland State Center for Population*
- (2) *Bureau of Economic Analysis*
- (3) *Oregon Department of Education since 2014; Linn-Benton-Lincoln ESD prior to 2014*
- (4) *County Clerk Detail Records*
- (5) *Linn County Adopted Budget*

**LINN COUNTY
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
ATI (Allvac Oremet- Wah Chang)	1,600	1	3.5%	1,039	4	2.6%
Linn Benton Community College	1,050	2	2.3%	1,115	3	2.8%
Greater Albany Public Schools	1,035	3	2.3%	1,355	1	3.4%
Samaritan Health Services	1,030 (1)	4	2.2%	1,345	2	3.4%
Linn County	700	5	1.5%	684	5	1.7%
Selmet	505	6	1.1%			
Target Distribution Center	500	7	1.1%	591	6	1.5%
City of Albany	402	8	0.9%	473	7	1.2%
Oregon Freeze Dry	400	9	0.9%	350	9	0.9%
Assurant Solutions	300	10	0.7%			
Georgia-Pacific/GP				470	8	1.2%
Pacific Cast Technologies				310	10	0.8%
Weyerhaeuser Co.				250	11	0.6%
Totals			10.6%			20.2%
Number of individuals employed in Linn County			45,930			39,480

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

(1) Linn County employees only; Samaritan has 5,100 total employees working in and serving residents in five counties.

**Linn County
Full-time Equivalent Employees by Function
Last Ten Fiscal Years**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General administration and support	45	41	42	39	42	42	36	42	42	43
Local government services	35	34	38	36	31	31	30	33	38	40
Public safety	244	234	242	245	232	233	231	258	261	278
Health services	209	221	208	190	176	178	184	187	180	171
Community development	61	50	53	53	66	65	67	71	69	68
Highways and streets	67	63	62	67	75	73	76	85	84	84
Total	661	643	645	630	622	622	624	676	674	684

Source: Linn County payroll department

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

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Sheriff										
Jail bookings	7,214	6,808	6,672	6,767	6,671	6,115	6,157	5,902	5,766	6,168
Highways and streets										
Road surface improvements (miles)	63	74	59	49	32	51	46	62	85	57
Parks										
Picnic shelter rentals	189	264	200	223	212	169	260	190	211	179
Clerk's Office										
Documents recorded	25,243	25,321	23,683	20,442	20,878	26,758	24,178	24,964	27,544	29,026
Marriage licenses issued	857	816	816	836	749	792	873	744	823	838
Registered voters	84,875	80,474	69,202	64,264	62,509	63,622	60,738	59,785	58,755	61,607
Planning										
Building permits	1,944	1,680	1,494	1,333	1,353	1,226	1,123	1,198	1,190	1,567
Contract cities	1,070	956	701	596	497	426	374	364	402	365
Electrical permits	2,010	1,972	1,631	1,505	1,335	1,312	1,335	1,199	1,342	1,616
Planning applications	934	794	757	642	670	613	519	509	537	642
Health										
Alcohol and drug clients	1,059	808	904	903	763	790	830	857	887	858
Developmentally disabled clients	1,113	972	909	776	842	747	736	724	717	635
Environmental health service contacts	2,816	2,552	1,649	1,942	2,642	2,460	2,742	2,622	2,483	2,615
Mental health clients	4,859	4,673	5,647	5,036	4,273	4,662	3,857	3,773	3,902	4,487
Public health clients	8,557	11,071	14,583	15,867	13,756	12,672	13,251	13,085	13,197	7,713
Women, infants, and children clients	5,123	5,490	5,721	5,810	6,021	6,052	6,521	6,418	6,285	5,849
Fairgrounds										
Willamette building (hours of use)	7,892	8,259	6,642	6,176	5,550	5,604	5,200	6,196	4,856	1,719
Calapooia arena (hours of use)	1,684	1,952	1,926	1,845	2,042	1,918	1,995	1,749	2,076	2,772
Santiam center (hours of use)	1,823	1,540	1,503	1,373	1,146	1,203	1,315	1,594	1,388	1,791
Cascade livestock building (hours of use)	3,952	4,305	4,124	4,107	3,793	3,900	3,836	3,500	3,895	1,507

Source: Linn County elected officials and department managers.

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

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police:										
Stations	9	8	8	7	7	7	7	7	7	7
Patrol Units	53	55	55	55	55	55	55	53	54	53
Police service dogs	2	1	1	1	1	1	1	1	3	4
Culture and recreation										
Parks acreage	1,369	1,369	1,364	1,364	1,364	1,360	1,360	1,360	1,360	1,200
Parks	24	24	24	24	24	23	23	22	22	22
Picnic shelters	13	13	13	13	13	13	13	13	13	13
General Services										
Motor pool vehicles	80	80	79	76	78	78	82	80	83	83
Roads										
All Public road miles	1,170	1,155	1,155	1,153	1,153	1,153	1,153	1,153	1,154	1,148
Bridges	335	335	336	336	336	329	329	329	329	329

Source: Linn County elected officials and department managers.

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

Fiscal year ended June 30,	Local					Highways			Capital Outlay	Indirect Cost Allocation	Debt Service	Totals	Portland, Oregon	
	General Administration	Government Services	Public Safety	Health Services	Community Development	and Streets	Education	CPI (1982-84)					Per Capita	
2018	\$ 7,672,035	\$ 3,731,080	\$ 35,057,002	\$ 27,328,255	\$ 8,352,713	\$ 11,801,039	\$ 1,747,165	\$ 8,847,857	\$ 2,272,026	\$ 218,013	\$ 107,027,185	261.6	863.05	
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	871.10	
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	
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	
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	
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	
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	
2011	5,697,524	3,341,122	30,965,440	18,822,560 (1)	19,663,245	15,373,606	2,320,828	-	-	-	96,184,325	219.1	824.40	
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	
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	

Note: Schedule includes expenditures of the General, Special revenue, Debt service, and Capital projects funds.

Population used to calculate per capita comes from Demographics schedule in this report (page 95).

(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

OTHER INFORMATION

<u>POLICY NUMBER</u>	<u>COMPANY</u>	<u>COVERAGE</u>	<u>AMT OF COVERAGE</u>	<u>POLICY PERIOD</u>	
				<u>FROM</u>	<u>TO</u>
28337	SAIF Corporation	Standard workers' compensation and employers' liability policy Bodily injury by accident - each accident Bodily injury by disease - each employee	500,000 500,000 500,000	7/1/2017	7/1/2018
17LLINC	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	7/1/2017	7/1/2018
17APDLINC	City/County Insurance Services	Comprehensive general liability Automobile - Self-Insured Loss Funds	50,000 50,000	7/1/2017 7/1/2017	7/1/2018 7/1/2018
17BLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.)	All boilers and machinery (\$10,000 Deductible)	Equipment breakdown	100,000,000	7/1/2017 7/1/2018
17PLINC	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	155,614,085 (incl w/basic coverage) 100,000 250,000 100,000 1,000,000 25,000 5,000,000 5,000,000 1,000,000 1,000,000	7/1/2017 7/1/2018

LINN COUNTY
SCHEDULE OF INSURANCE AND FIDELITY BOND COVERAGES
Year Ending June 30, 2018

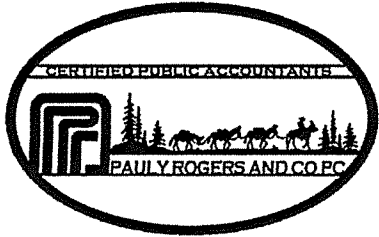
12/5/2018; 2:52 PM

<u>POLICY NUMBER</u>	<u>COMPANY</u>	<u>COVERAGE</u>	<u>AMT OF COVERAGE</u>	<u>POLICY PERIOD</u>		
				<u>FROM</u>	<u>TO</u>	
17PLINC	City/County Insurance Services (Rhodes-Warden Ins, Inc.) Continued	All property coverage Real and Personal (\$10,000 Deductible)	Hired, Rented, or Borrowed Equipment Crime Coverage Police Dogs Personal Property at Unscheduled Locations Personal Property of Employees or Volunteers Unscheduled Fine Arts Miscellaneous Coverage Temporary Emergency Shelter Restoration	150,000 50,000 15,000 15,000 15,000 100,000 50,000 50,000	7/1/2017	7/1/2018
17CLINC	Rhodes-Warden Ins., Inc (National Union Fire Insurance Company of Pitts, PA)	Excess Crime Coverage (Deductible \$10,000) Coverages listed are in excess of the \$50,000 crime coverage provided under the property coverage agreement.	Employee Theft Forgery or Altercation Inside Premises-Theft of Money & Securities Inside Premises-Robbery, Safe Burglary, Other Outside the Premises Computer Fraud Money Orders & Counterfeit Paper Currency Funds Transfer Fraud Faithful Performance of Duty (Subject to \$1,000 Deductible) Impersonation fraud coverage	500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000 500,000 100,000	7/1/2017	7/1/2018



*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
www.paulyrogersandcocpas.com

November 30, 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, 2018, and have issued our report thereon dated November 30, 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.

OAR 162-10-0230 Internal Control

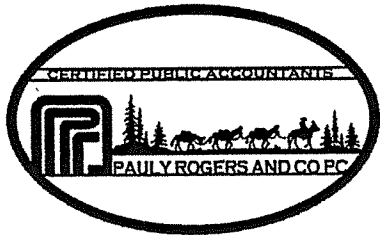
In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Linn County, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Linn County, Oregon's internal control over financial reporting.

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



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

GRANT COMPLIANCE REVIEW



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

November 30, 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, each major fund, and the aggregate remaining fund information of Linn County, Oregon as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 30, 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.

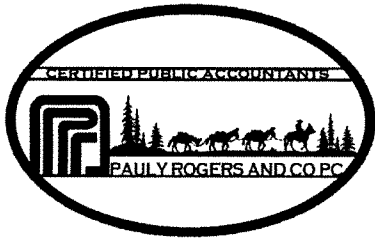


Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.



FEDERAL SINGLE AUDIT

GRANT COMPLIANCE – SINGLE AUDIT



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

November 30, 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 THE UNIFORM GUIDANCE

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, 2018. 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, 2018.

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, 2018

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

15.226

Payments in Lieu of Taxes

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

\$750,000

yes

no

Auditee qualified as low-risk auditee?

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BASIS OF PRESENTATION

1. **BASIS OF PRESENTATION**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LINN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

<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	\$ 6,719	\$ -
National Lunch Program	10.555	NA	12,730	-
National Lunch Program -Food Donations for Commodities (non-cash)	10.555	NA	1,143	-
CNP SAE Reallocation	10.556	NA	24	-
Total Child Nutrition Cluster			<u>20,616</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	645,104	-
Women, Infants, and Children Breast Feeding Performance Bonus	10.578	F37009	3,995	-
<i>Passed through Department of Administrative Services:</i>				
Schools and Roads – Grants to State				
Federal Forest PL 106-393 Title I	10.665		3,031,095 (1)	757,774
Federal Forest Title II	10.665		57,225 (1)	-
Federal Forest PL 110-343 Title III	10.665		<u>249,620 (1)</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,007,655</u>	<u>757,774</u>
<u>U.S. Department of the Interior</u>				
Bureau of Land Management				
Direct Programs:				
Bureau of Land Management PL 115-141 Title I	10.665		896,822 (1)	-
Bureau of Land Management PL 115-141 Title III	10.665		31,299 (1)	-
Payments in Lieu of Taxes	15.226	NA	1,022,968 (1)	-
Distribution of Receipts to State and Local Government	15.227	NA	11	-
Fish and Wildlife Service				
<i>Passed through Oregon Marine Board:</i>				
Clean Vessel Act	15.616	NA	<u>14,940</u>	<u>-</u>
Total U.S. Department of the Interior			<u>\$ 1,966,040</u>	<u>\$ -</u>

(1) - major programs

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	\$ 161,970	\$ -
Total U.S. Department of Justice			<u>161,970</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	603,999	-
Grants for Other than Urbanized Areas	20.509	NA	126,743	126,743
Capital Assistance Program for Elderly Persons	20.513	NA	183,191	183,191
Total U.S. Department of Transportation			<u>913,933</u>	<u>309,934</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	18,930	-
Total U.S. General Services Administration			<u>18,930</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	36,230	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	NA	26,838	-
Total U.S. Environmental Protection Agency			<u>\$ 63,068</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.S. Department of Health and Human Services				
Office of Population Affairs				
<i>Passed through Oregon Health Authority</i>				
Family Planning - Services	93.217	PRIOR FPHPA10000204	\$ 91,385	\$ -
Centers for Disease Control				
<i>Passed through Oregon Department of Human Resources Health Division:</i>				
Public Health Emergency Preparedness	93.069	NA	90,487	-
Health Resources and Services Administration				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52 CCU000504 28	235	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	NA	1,068	-
Maternal and Child Health Services Block Grant to the States	93.994	NA	55,135	-
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	308,450	-
Total U.S. Department of Health and Human Services			630,725	-
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
<i>Passed through Oregon State Police:</i>				
Disaster Grants - Public Assistance	97.036	NA	689,472	-
Emergency Management Performance Grants	97.042	NA	112,089	-
Total U.S. Department of Homeland Security			801,561	-
Total Grant Amounts Expended or Passed Through to Subrecipients			8,563,882	1,067,708
Total Expenditures of Federal Awards			\$ 8,563,882	\$ 1,067,708

LINN COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Note 1. Reporting entity and basis of presentation

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, 2018.

Basis of Presentation: The information in this Schedule is presented in accordance with the 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 of Linn County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Linn County.

Note 2. Summary of significant accounting policies

Federal Financial Assistance: Pursuant to the Uniform Guidance, 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.

Expenditure recognition: expenditures of federal awards are accounted for on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance., wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs are charged to programs based on the County's indirect cost allocation methodology.

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

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

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



We care for the County and the United States of America