
Comprehensive Annual Financial Report



**JACKSON
COUNTY**
o r e g o n

Fiscal Year 2011-2012

Ending June 30, 2012

RECEIVED

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SECRETARY OF STATE
DIVISION OF AUDITS

Jackson County, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

AUDITS	Date	Initial
RCVD	12/28/12	OCW
MUNI #	15	
DIS	1-2-13	8mc
MUNI	1/3/13	Dle
SCANNED		
GOVT TYPE		
SD CO & #		
COMMENTS		

Prepared by:
Department of Finance
Shannon Bell, Finance Director

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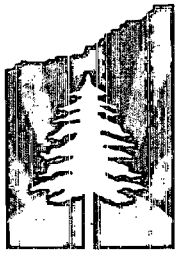
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Introductory Section



JACKSON COUNTY

Oregon

Administrator's Office

Danny L. Jordan
County Administrator

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Fax: 541-774-6705
jordanl@jacksoncounty.org
www.jacksoncounty.org

December 18, 2012

To the Honorable Members of the Board of Commissioners and Citizens of Jackson County:

State statutes and local charter provisions require that Jackson County (the County) prepare a complete set of year-end financial statements and have them audited in accordance with generally accepted auditing standards by an independent certified public accounting firm licensed to perform municipal audits in Oregon. Pursuant to this requirement, we hereby issue the 2011-2012 Comprehensive Annual Financial Report, which is presented in conformance with generally accepted accounting principles in the United States of America (US GAAP). This report incorporates the government-wide financial reporting model, including all effective pronouncements of the Governmental Accounting Standards Board.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Jackson County. It is believed the data, as presented, is accurate in all material aspects and is presented in a manner designed to present fairly the financial position and results of operations of Jackson County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of Jackson County's financial affairs have been included.

To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the County's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been 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, this financial report is complete and reliable in all material aspects.

Jackson County's financial statements have been audited by Moss-Adams LLP, Certified Public Accountants of Medford, Oregon. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Moss-Adams LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements are fairly presented in conformity with US GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of Federal funds, the independent audit of the financial statements was a part of a broader, Federally mandated "single audit" designed to meet the special needs of Federal grantor

agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are included in the back of the County's Comprehensive Annual Financial Report.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of "Management Discussion & Analysis" (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Jackson County's MD&A can be found immediately following the report of the independent auditors.

Profile of Jackson County

Jackson County was incorporated January 12, 1852, and is located on the Interstate 5 corridor in southwest Oregon. The County includes an area of 2,801 square miles and has a population of 203,454 and true cash value of \$22.5 billion. Jackson County adopted a Home Rule Charter that was approved on January 8, 1979, and has been modified one time since its adoption. The County has three full-time Commissioners who are elected to four-year terms. The Board of Commissioners is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the County Administrator. The County Administrator is responsible for carrying out policies and ordinances of the Board of Commissioners and overseeing the day-to-day operations of the government. The County also has a County Counsel, an elected Assessor, Clerk, District Attorney, Justice of the Peace, Sheriff, and Surveyor.

Jackson County provides a full range of services including public safety, health and human services, a 15 branch library system, park facilities, public works, exposition park, assessment and tax collection for all County taxing districts, juvenile services, and urban renewal among others. For reporting purposes, these responsibilities are categorized within the following general functions: 1) general government; 2) elections and records; 3) internal services; 4) community justice and safety; 5) culture and recreation; 6) health and human services; 7) planning, development, and natural resources; and 8) transportation. The Jackson County Urban Renewal Agency, the White City Enhanced Law Enforcement District, and the White City Lighting District are legally separate taxing entities which function, in essence, as departments of Jackson County and are, therefore, included in the County's financial reports as "blended component units." Additional information on these three entities can be found under Note No. I in the Notes to the Financial Statements.

The annual budget serves as the foundation for Jackson County's financial planning and control. Through a series of Department Directors' meetings, budget targets are developed for all County departments. The Departments are then required to develop program needs and submit their budget requests to the County Administrator's office for review and analysis. Department budget requests are evaluated in terms of program goals, anticipated outcomes, and the necessity of these goals toward achieving the goals and mission of the County. The County Administrator prepares a balanced budget that is presented to the public and a six-member Budget Committee consisting of the three County Commissioners and three lay members. Public meetings and deliberations are held prior to the budget being recommended to the Board of Commissioners for adoption. The Board may increase the recommended budget, prior to adoption, up to 10 percent in any fund without the requirement that the budget be re-submitted to the Budget Committee.

Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. For the General Fund, General Road Fund, Health and Human Services Fund and Special Revenue Fund this comparison is presented as part of the basic financial statements for the governmental funds. For other funds, this comparison is presented in the fund

subsection of this report. Additional information on the County's budget process can be found under Note No. III in the Notes to the Financial Statements.

Relevant Financial Policies

The County has adopted a policy to maintain a Rainy Day Fund in anticipation of the loss of Federal funding. This Rainy Day Fund had a balance on June 30, 2012, of \$19,758,167 which is reflected in the general government unrestricted net assets.

Factors Affecting Financial Condition

Local Economy

Over the last several years Jackson County's local economy has diversified to the point that it is no longer as dependent on timber harvest. However, job losses in construction, manufacturing, retail, and tourism has caused Jackson County's unemployment rate to remain high at 10.7 percent in June 2012, compared to the State of Oregon's unemployment rate of 8.6 percent. However, it was lower than neighboring counties (Josephine, Douglas, and Klamath) who had unemployment rates of 11.7 percent, 12 percent, and 10.8 percent respectfully.

The down turn in building activity has had a direct effect on several County departments including the Assessor's Office and Development Services. Layoffs have taken place in the Assessor's Office and the General Fund continues to subsidize the Development Services Department. The continued decrease in property values is beginning to affect the taxes levied by the County as the Real Market Value drops below the Measure 50 Value on more properties.

State Funding

Approximately 39.5 percent of the County's revenue, excluding capital grants and contributions, comes from the State of Oregon. Like many other states, Oregon is experiencing revenue reductions and increased service demands.

In Oregon, the issue is further exacerbated by the fact that voters approved three property tax reform measures that reduced local school districts' ability to raise funds for the respective K-12 programs. Most school funding now comes from the State's general fund. In addition to schools, the general fund is also responsible for providing all of Oregon's higher education, prisons, and State-mandated services performed by Oregon's 36 counties.

Nearly all of the County's funding that is provided by the State is the result of requirements that the County provide service on behalf of the State. Without sufficient State support, the various counties will not be able to deliver services to important areas such as mentally ill persons, those with developmental disabilities, and those with alcohol and drug addictions.

Federal Funding

Approximately 52 percent of Jackson County is owned by the Federal government. Much of this land was the result of a Federal land grant program for a railroad that was unsuccessful in the 1930's. The County took over the property as a foreclosure. The Federal government agreed to manage the land, harvest its timber, and share the proceeds with the County. Shared revenues from the Federal government provided the County's major source of funding for many years. In the early 1980's, the timber industry underwent significant and permanent changes. Harvests are no longer significant enough to fund County services.

In response to lost timber revenues, Congress passed Public Law 106-393 (Secure Rural Schools and Community Self-Determination Act of 2000). This Act had provided significant funding to the County's General Fund. The Act expired in 2006-2007, and has been modified/extended several times in the years since. Although this Act is providing funding for schools and local governments across the United States, Jackson County has been the second largest beneficiary behind our neighbor to the north, Douglas County.

Property Taxes

Property tax revenues continue to grow modestly. In Oregon, assessed value on individual properties may generally increase 3 percent per year up to the level of real market value (sometimes referred to as true cash value). In Jackson County, given that the ratio of assessed value to real market value is 72.96 percent, if there were no increase whatsoever in real market value and no growth, assessed values in total could increase 3 percent for nine years until the aggregate real market value (maximum assessed value in the Oregon tax system) was reached. Oregon's property tax system has limits on both the assessed value and the levy rates, including formulas for rate compression when a rate maximum is reached. Oregon's property tax system is considered to be one of the most complicated in the country.

Plan for the Future

The County has responded to the loss of Federal funds by developing and implementing a strategic plan for service reductions and re-organization. Department Directors and the County Administrator developed a plan which was presented to the Board of Commissioners and the County's Budget Committee. This plan will continue to help guide the Budget Committee as it reviews budget requests for the 2013-2014 budget this Spring.

In response to the fact that the current Federal funding program was scheduled to expire in 2007, a Rainy Day Fund was established within the General Fund to provide up to two years worth of limited funding after the expiration of these funds. In addition, service reductions and other strategic initiatives were implemented that have allowed the County to operate with a balanced budget.

Major Initiatives

The County has begun investing non-operating funds in capital projects. The goal of the courthouse remodel is to move those departments with higher foot traffic to the lower floors of the courthouse for convenience to the citizens; move those departments that work most closely together to the same vicinity in the building; consolidate departments into one location where possible; and upgrade systems to meet current codes and be more efficient and environmentally friendly. This project is expected to be completed in the 2012-2013 fiscal year. The County has also purchased a building near the County's main office buildings with the intent of developing a new health facility.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2011. This was the 29th consecutive year (fiscal years 1983-2011) that the County has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

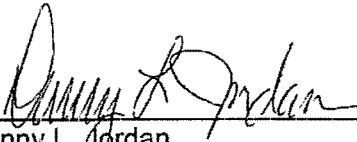
In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with contents that conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable

legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

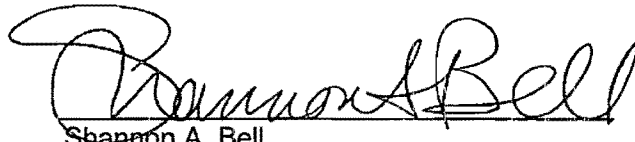
In addition, the County also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the 2011-2012 fiscal year. This was the 28th consecutive year (fiscal years 1984-2012) that the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

We wish to express our appreciation for the efficient and dedicated services of the staff of Finance and Internal Audit, without whom this report would not have been possible. Special thanks are extended to Debbie James, Michelle Wickham, and Susan Hollingsworth of the Finance Department and Debbie Taylor, Tanya Baize and Nicole Rollins of Internal Audit. We express our appreciation to Moss-Adams LLP, Certified Public Accountants. We also wish to compliment the Board of Commissioners and staff of the County Administrator's office for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Danny L. Jordan
County Administrator



Shannon A. Bell
Finance Director

JACKSON COUNTY, OREGON

List of Principal Officials

As of June 30, 2012

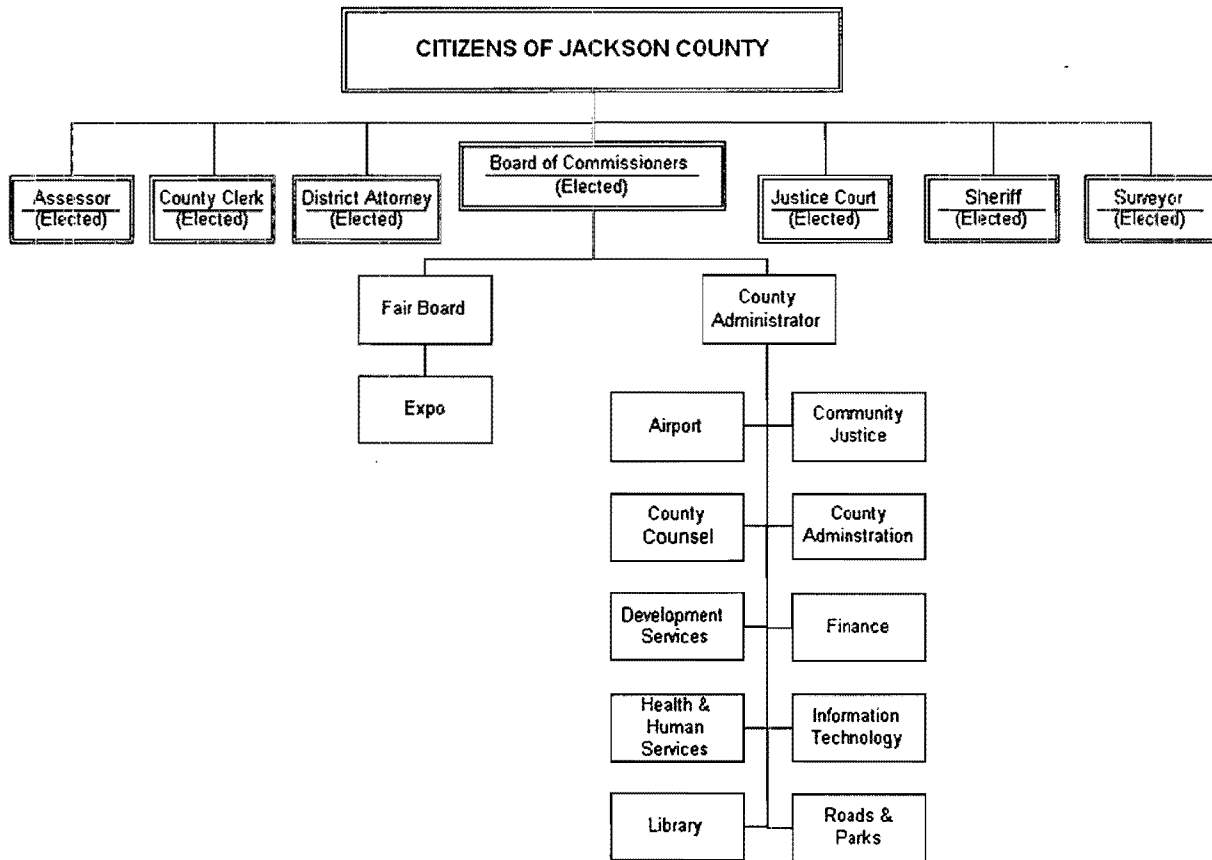
NAME	TITLE
John Rachor	Commissioner*
Don Skundrick	Commissioner*
Dennis (C.W.) Smith	Commissioner*
Danny Jordan	County Administrator
Bern Case	Airport Director
Josh Gibson	Assessor*
Shane Hagey	Community Justice Director
Chris Walker	County Clerk*
Vacant	County Counsel
Kelly Madding	Development Services Director
Mark Huddleston	District Attorney**
Dave Koellermeir	Exposition Park Director
Shannon Bell	Finance Director
Mark Crndoff	Health and Human Services Director
Joe Charter	Justice Court Judge*
John Vial	Roads and Parks Director
Mike Winters	Sheriff*
Kerry Bradshaw	Surveyor*

* Elected Officials

** Elected Officials, State Employee

Jackson County Organization Chart

Fiscal Year 2011-2012



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jackson County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director

Financial Section

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REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Jackson County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary statements, and the aggregate remaining fund information of Jackson County, Oregon (the "County") as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, budgetary statements, and the aggregate remaining fund information of Jackson County, Oregon as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include prior year Enterprise Funds partial comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2011, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages xi through xxiv and the schedule of funding progress on page 52 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson County, Oregon's basic financial statements. The supplementary information and schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)*, and schedule of expenditures of passenger facility charges required by the Federal Aviation Administration, *Passenger Facility Charge Audit Guide for Public Agencies* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information and schedule of expenditures of federal awards and passenger facility charges have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards and passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson County, Oregon's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the based financial statements, and accordingly, we do not express on opinion or provide any assurance on it.



Eugene, Oregon
December 18, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Jackson County, we offer readers of Jackson County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page i of this report.

Financial Highlights

- Jackson County's assets exceeded its liabilities at the close of the fiscal year by \$464,560,302 (*net assets*). This is a decrease of \$16,392,632 from the prior fiscal year. Net assets of \$89,371,566 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Note that with the government-wide financial reporting model, the total net assets figure includes capital assets net of accumulated depreciation.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$109,335,574 a decrease of \$15,368,885 or 12.3% from the prior year. Of this amount, \$34,231,274 is available for spending at the County's discretion (*unassigned fund balance*). This is a reduction of \$11,059,553 in the unassigned fund balance from \$45,290,827 in the prior year and is largely due to the expenditure of fund balance on capital projects in the current fiscal year.
- At the close of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$47,721,461 or 54.9% of total general fund expenditures plus transfers to other funds. The previous year, the unrestricted fund balance for the general fund was \$68,848,239 or 94.3% of total general fund expenditures plus transfers to other funds. The decrease in this percentage is due to the expenditure of fund balance on capital projects in the current fiscal year.
- Total bonded debt decreased by \$3,413,485 during the year. This is attributable to regular payments of debt maturing during the year.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to Jackson County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets*, presents financial information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by intergovernmental revenues and property taxes (*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*). The governmental activities of the County include: General Government; Elections and Records; Community Justice and Safety; Culture and Recreation; Health and Human Services; Planning, Development and Natural Resources; and Transportation. Business-type activities include the Airport, Exposition Park and Recreation (parks).

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate Urban Renewal Agency, White City Enhanced Law Enforcement District, and White City Lighting District. Although legally separate, these entities function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

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. Jackson 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 the 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains eleven individual governmental funds; 1 general fund, 4 special revenue funds, 2 debt service funds and 4 capital project 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 fund, the general road special revenue fund, the health and human services special revenue fund, and the special revenue fund. These are considered to be major governmental funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Jackson County adopts an annual appropriation budget for all of its governmental funds. Budgetary comparison statements have been provided to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 3 and 4 of this report.

Proprietary funds. Jackson County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its airport, recreation, and exposition park operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-insurance, motor pool, central services, and computer replacement operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for each of the three enterprise funds, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 11 through 14 of this report.

Management's Discussion and Analysis

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The County maintains two different types of fiduciary funds. *Jackson County Employees' Retirement Plan Trust Fund* is used to report resources held in trust for retirees and benefits covered by Jackson County Employees' Retirement Plans #2 and #4. The *Agency funds* report resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on pages 15 and 16 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire 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 17 through 51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's progress in funding its obligation to provide pension and other post employee benefits (OPEB) to its employees. Required supplementary information can be found on page 52 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found starting on page 53 of this report.

Government-wide Financial Analysis

Net assets, over time, may serve as a useful indicator of a government's financial position. Jackson County's assets, including its capital assets net of depreciation, exceeded its liabilities by \$464,560,302 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Current and other assets	\$ 142,306,582	\$ 159,859,331	\$ 18,186,530	\$ 17,712,207	\$ 160,493,112	\$ 177,571,538
Capital assets	256,176,811	261,278,128	111,493,060	111,325,473	367,669,871	372,603,601
Total assets:	398,483,393	421,137,459	129,679,590	129,037,680	528,162,983	550,175,139
Long-term liabilities outstanding	34,463,199	37,274,759	19,661,266	20,052,644	54,124,465	57,327,403
Other liabilities	8,254,722	10,937,514	1,223,494	957,288	9,478,216	11,894,802
Total liabilities	42,717,921	48,212,273	20,884,760	21,009,932	63,602,681	69,222,205
Net assets:						
Net investment in capital assets	233,702,157	235,804,411	92,475,443	91,964,637	326,177,600	327,769,048
Restricted	47,586,863	51,037,058	1,424,273	1,624,071	49,011,136	52,661,129
Unrestricted	74,476,452	86,083,717	14,895,114	14,439,040	89,371,566	100,522,757
Total net assets	\$ 355,765,472	\$ 372,925,186	\$ 108,794,830	\$ 108,027,748	\$ 464,560,302	\$ 480,952,934

Management's Discussion and Analysis

By far, the largest portion of the County's net assets (70.3%) reflects its investment in capital assets (e.g., land, buildings, equipment, software and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

An additional portion of the County's net assets (10.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$89,371,566 is unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities, with the exception of the Exposition Park. The same situation held true for the prior fiscal year.

However, the County's overall net assets decreased \$16,392,632 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Jackson County's Changes in Net Assets

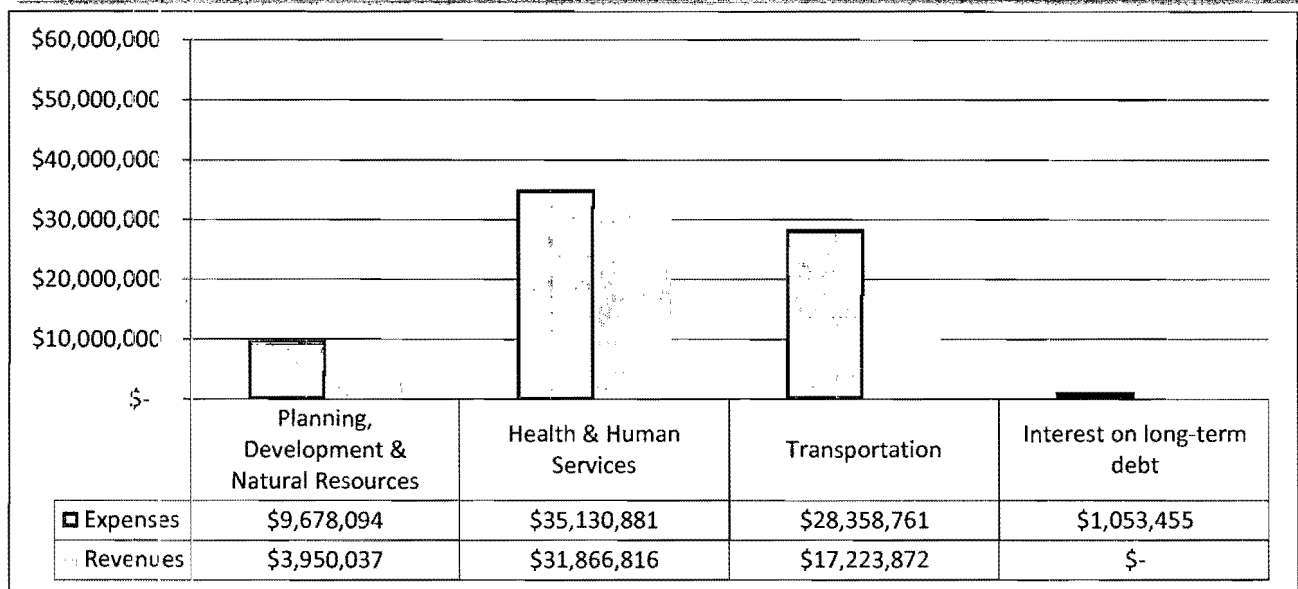
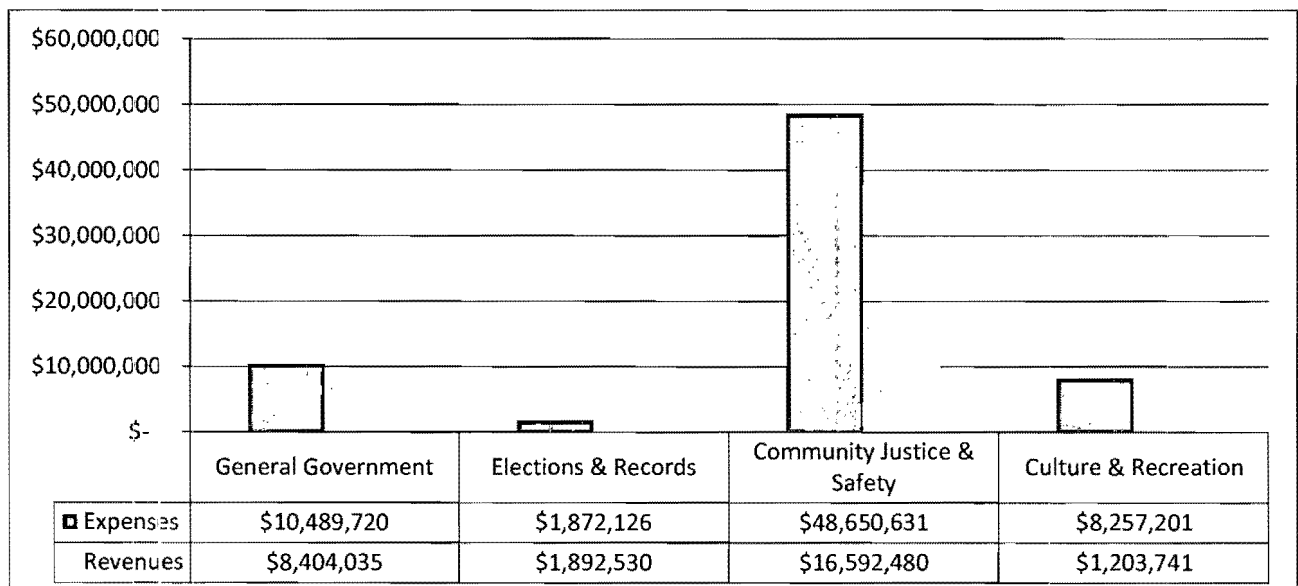
	Governmental Activities		Business-Type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenues						
Program Revenues						
Charges for services	\$ 19,278,108	\$ 18,638,823	\$ 9,794,197	\$ 9,833,647	\$ 29,072,305	\$ 28,472,470
Operating grants and contributions	61,773,153	75,768,836	1,913,864	6,986,434	63,687,017	82,755,270
Capital grants and contributions	82,250	2,682,142	4,070,289	2,644,349	4,152,539	5,326,491
General Revenues						
Property taxes	37,181,804	38,315,765	-	-	37,181,804	38,315,765
Grants and contributions not restricted to specific programs	5,206,439	11,583,055	-	-	5,206,439	11,583,055
Unrestricted investment earnings	3,136,930	3,569,681	276,042	304,770	3,412,972	3,874,451
Total revenues	126,658,684	150,558,302	16,054,392	19,769,200	142,713,076	170,327,502
Expenses						
General Government	10,489,720	11,454,522	-	-	10,489,720	11,454,522
Elections & Records	1,872,126	1,899,608	-	-	1,872,126	1,899,608
Community Justice & Safety	48,650,631	47,962,680	-	-	48,650,631	47,962,680
Culture & Recreation	8,257,201	8,274,799	-	-	8,257,201	8,274,799
Planning, Development & Natural Resources	9,678,094	5,144,634	-	-	9,678,094	5,144,634
Health & Human Services	35,130,881	44,366,754	-	-	35,130,881	44,366,754
Transportation	28,358,761	19,410,613	-	-	28,358,761	19,410,613
Interest on long-term debt	1,053,455	1,273,563	-	-	1,053,455	1,273,563
Airport	-	-	11,060,591	10,750,019	11,060,591	10,750,019
Exposition Park	-	-	2,309,698	2,226,551	2,309,698	2,226,551
Recreation Enterprise	-	-	2,244,550	6,752,246	2,244,550	6,752,246
Total expenses	143,490,869	139,787,173	15,614,839	19,728,816	159,105,708	159,515,989
Change in net assets before transfers	(16,832,185)	10,771,129	439,553	40,384	(16,392,632)	10,811,513
Transfers	(327,529)	(104,833)	327,529	104,833	-	-
Change in net assets	(17,159,714)	10,666,296	767,082	145,217	(16,392,632)	10,811,513
Net assets - beginning	372,925,186	362,258,890	108,027,748	107,882,531	480,952,934	470,141,421
Net assets - ending	\$ 355,765,472	\$ 372,925,186	\$ 108,794,830	\$ 108,027,748	\$ 464,560,302	\$ 480,952,934

Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the County's net assets by \$17,159,714, or 104.6% of the total decrease. This is a reduction of \$27,826,010 over last year's increase of \$10,666,296. Total expenses increased by \$3,703,696 or 2.6%, and total revenues decreased by \$23,899,618 or 15.9% for the same period. Key elements of this change are as follows:

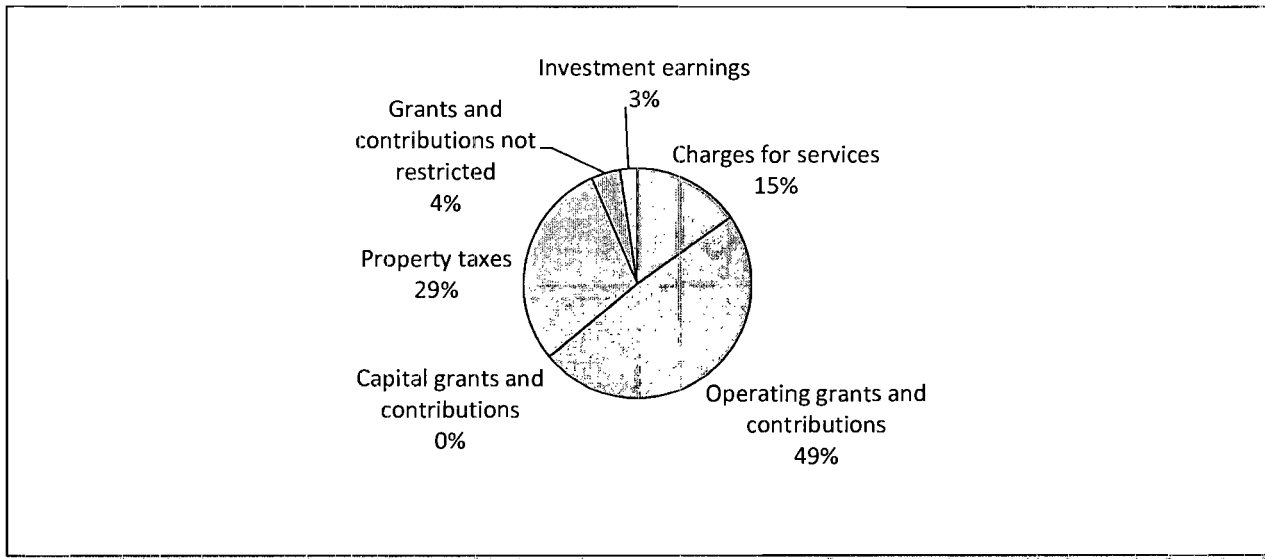
- The decrease in net assets is largely due to jurisdictional transfers of infrastructure assets of approximately \$10.6 million.
- The decrease in revenues is due largely to the reduction in O&C replacement funds of almost \$8 million.
- A change in the way the state contracts for services to the developmentally disabled reduced both revenues and expenses by the same amount (\$10 million reduction).

Expenses and Program Revenues – Governmental Activities



Management's Discussion and Analysis

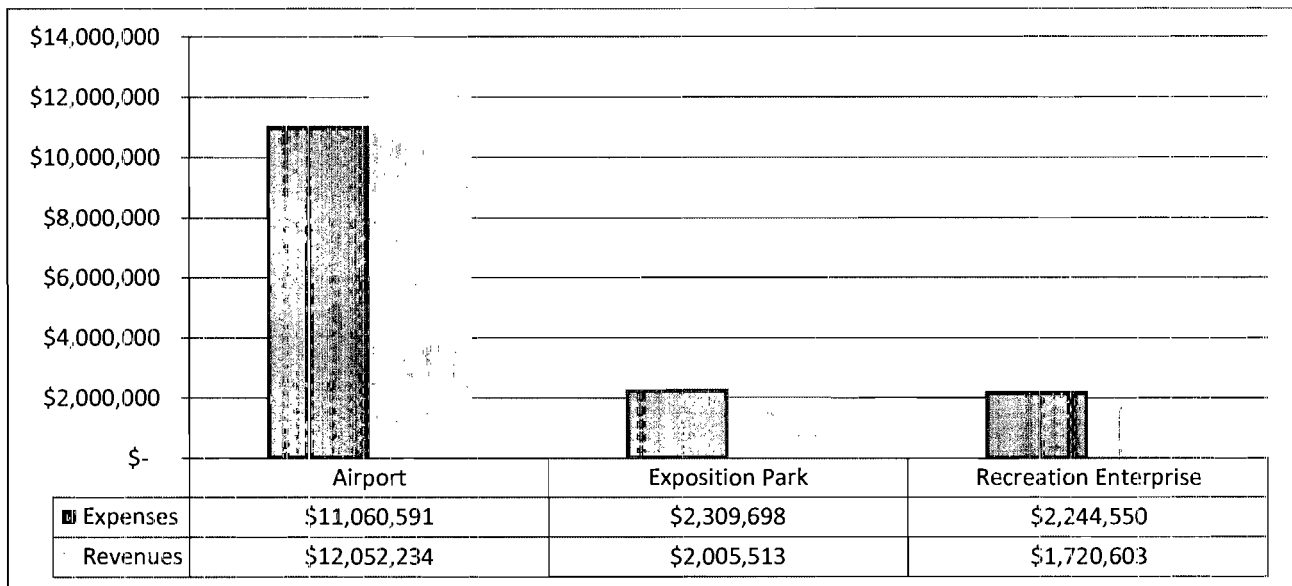
Revenues by Source – Governmental Activities



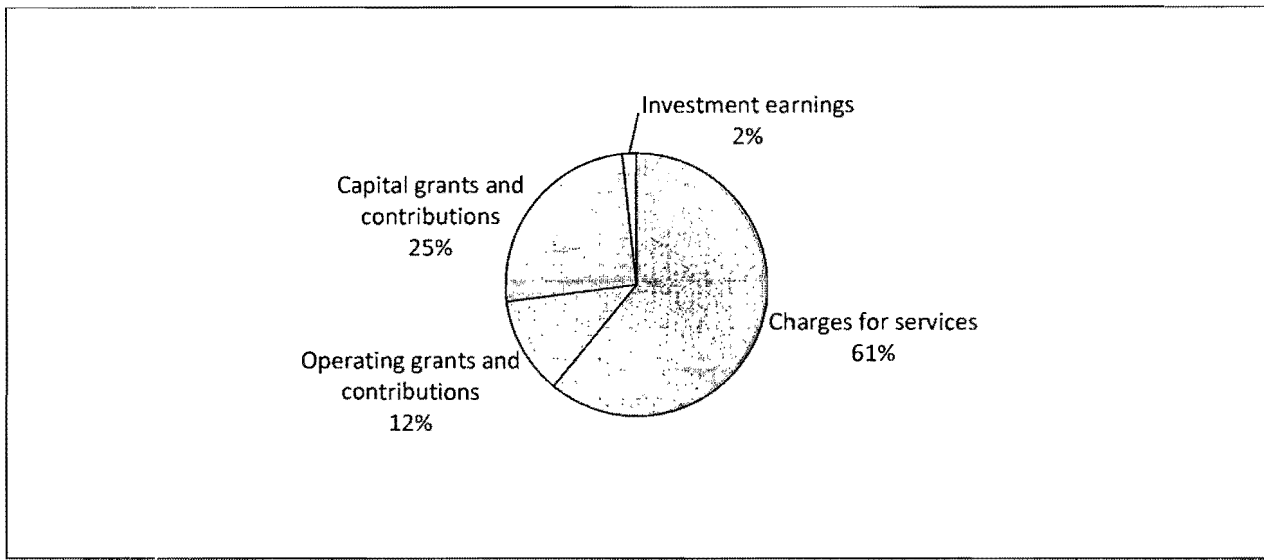
Business-type activities. Business-type activities increased the County's net assets by \$767,082. This is \$621,865 more than last year's increase of \$145,217. Total expenses decreased \$4,113,977 or 20.9% and total revenues decreased \$3,714,808 or 18.8% for the same period. Key elements of this change are as follows:

- Expenses decreased in the Recreation Enterprise Fund due to the costs incurred in the prior fiscal year for the removal of Gold Ray Dam (approx \$4.3 million).

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type activities

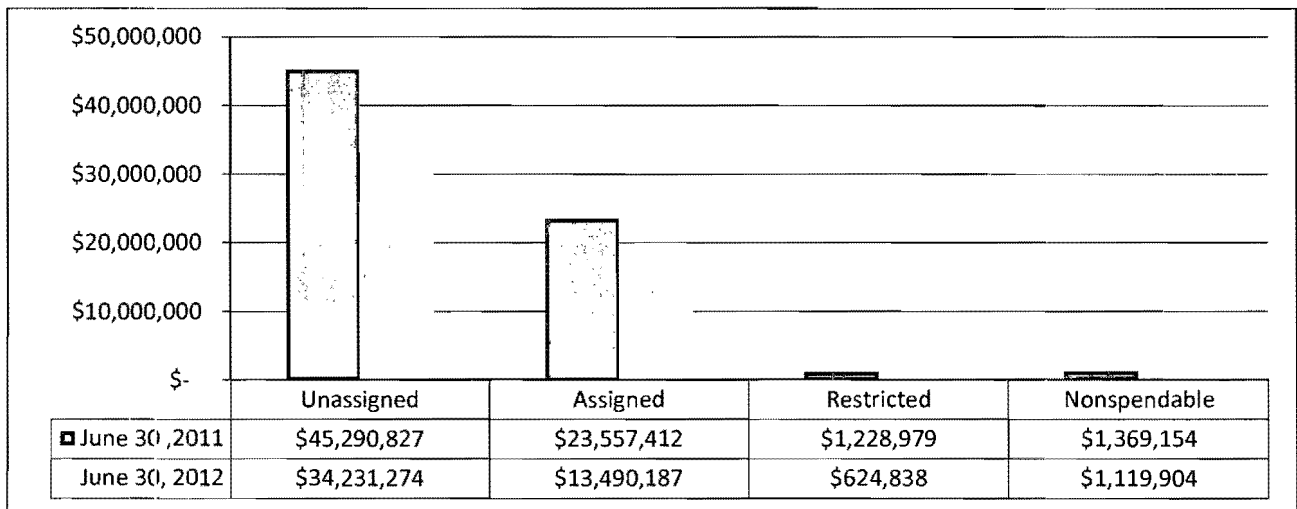


Financial Analysis of County Funds

As noted earlier, Jackson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$109,335,574, a decrease of \$15,368,885 over the prior year, primarily due to the use of rainy day funds for capital improvement projects. Approximately 54.7% or \$59,772,123 of this total amount constitutes *assigned and unassigned fund balances*, which is available for spending at the government's discretion. These balances are primarily in the General Fund. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate that it is 1) not in spendable form (\$3,119,459), 2) legally required to be maintained intact (\$10,000), or 3) restricted for particular purposes (\$46,433,992).

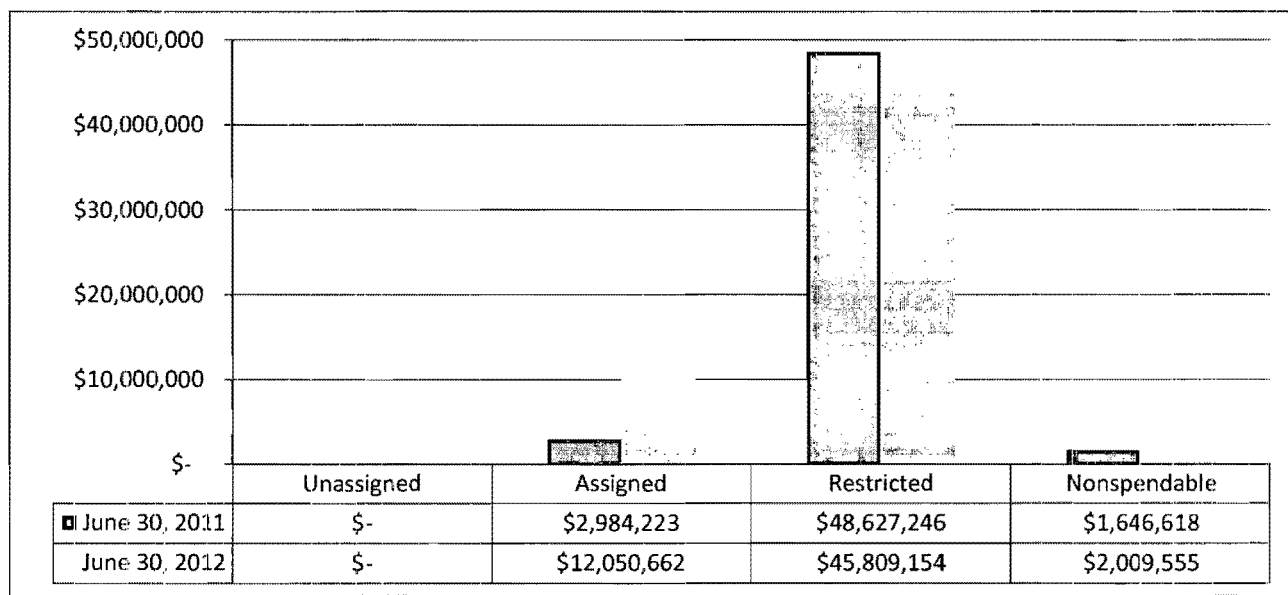
General Fund Components of Fund Balance – June 30, 2011 and 2012



Management's Discussion and Analysis

The general fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$34,231,274, while total fund balance decreased to \$49,466,203. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 55.6 percent of total general fund expenditures, while total fund balance represents approximately 80.3 percent of that same amount.

Other Governmental Funds Components of Fund Balance – June 30, 2011 and 2012



Although not reflected in the County's financial reports as an assignment or commitment of fund balance, the County anticipates that the first three months of expenditures in the subsequent fiscal year will be substantially covered by the ending fund balance. This is made necessary by the timing of the general fund's major revenue sources (property taxes and O&C replacement funds), which are not available until the fall. The amount of the fund balance that was budgeted as unappropriated ending fund balance to meet cash flow needs, thereby making it unavailable until the subsequent year, was \$9,769,252.

The fund balance of the general fund decreased by \$21,980,169 during the current fiscal year. Key factors were as follows:

- The County is using rainy day funds for capital projects, specifically the County office building remodel and the new sheriff facility. The general fund transferred \$19,824,502 to the capital projects fund during the current fiscal year. The goal of the office building remodel is to move those departments with higher foot traffic to the lower floors for convenience to the citizens; move those departments that work most closely together to the same vicinity in the building; consolidate departments into one location where possible; and to upgrade the electrical systems, lighting systems, and heating/ventilation/air-conditioning (HVAC) systems.
- Interest income decreased \$495,709 primarily due to the change in the economy and interest rates as well as a decrease in the amount available to earn interest.
- General fund revenues decreased due to a reduction in O&C replacement funds.

The general road fund balance decreased by \$194,374 (1.3%) to \$14,611,720.

Management's Discussion and Analysis

The health and human services fund balance increased by \$1,607,713 (10.2%). The health department receives the majority of its funding from the State of Oregon. The increase in fund balance is due to the receipt of additional mental health funding in excess of additional program costs.

The special revenue fund balance increased by \$303,511 largely due to the recognition of previously deferred Title III funds received.

The other governmental funds fund balances increased by \$4,894,434 (30.5%) to \$20,949,257. This change includes a decrease in White City Capital fund balance of \$2,449,478; an increase in other non-major capital project funds of \$8,093,294; a decrease in debt service fund balances of \$756,470; and an increase in enhanced law district funds of \$7,088. Several large projects in White City were nearing completion at the end of the fiscal year. In addition, funds transferred to the capital projects fund for the sheriff facility were not all spent at year end.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements for its three enterprise funds (airport, recreation, and exposition park), plus a column for the internal service funds.

Unrestricted net assets of the exposition park at the end of the year amounted to \$(137,197), those of the airport amounted to \$15,669,016, and those of the recreation enterprise amounted to \$812,287. The change in net assets for these funds were (\$88,915), \$1,473,796, and \$(359,739), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of Jackson County's business-type activities.

General Fund Budgetary Highlights

Differences between the original expenditure budget, including operating transfers, and the final amended budget represent a net increase of \$366,491 or 0.4%. Major components of the increase were as follows:

- \$200,000 reflects additional video lottery funding for the Library.
- \$136,394 reflects additional grant revenues for Emergency Management.

The difference between the final amended budget and actual expenditures was \$9,160,476. One reason for this difference is the reserves of \$2,039,467 that were budgeted in the general fund fiduciary but not expended. In addition, budgeted personal services of \$2,953,701 in the general fund were not spent. This was due to additional cuts in a few general fund departments, and employee turnover in other general fund departments.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities at year-end amounts to \$367,669,871 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, park facilities, roads and bridges, and software. The total increase in capital assets for the current fiscal year was approximately 1.3%.

Major capital asset events during the current fiscal year included the following:

- Nearly \$7 million was spent on the new Sheriff Administration Building which was completed in early 2012-13.
- Purchase of the Federal Building was completed and design work has begun.
- The Airport completed the Freight Enhancement project, funded by Connect Oregon III Grant (\$2.5 million).
- Infrastructure – Approximately \$11 million of infrastructure projects were completed. \$10.6 million in completed infrastructure projects were transferred to other local jurisdictions, including the City of Medford and City of Central Point.

Management's Discussion and Analysis

Jackson County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Land	\$ 19,000,680	\$ 18,678,826	\$ 17,791,936	\$ 17,615,182	\$ 36,792,616	\$ 36,294,008
Buildings and improvements	69,924,643	74,344,327	87,007,178	87,718,953	156,931,821	162,063,280
Equipment	6,659,030	6,748,198	2,373,296	2,679,939	9,032,326	9,428,137
Software	1,301,786	918,213	-	-	1,301,786	918,213
Construction in progress	10,814,675	18,038,675	4,320,650	3,311,399	15,135,325	21,350,074
Infrastructure	148,475,997	142,549,889	-	-	148,475,997	142,549,889
Total net assets	\$ 236,176,811	\$ 261,278,128	\$ 111,493,060	\$ 11,325,473	\$ 367,669,871	\$ 372,603,601

Additional information of the County's capital assets can be found in Note C in the Notes to Financial Statements section of this report on pages 33 through 34.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$42,064,354. Of this amount, \$20,625,000 is debt backed by the full faith and credit of the County and \$744,354 is special assessment debt for which the County is liable in the event of default by the property owners subject to the assessment. Airport revenue bonds of \$18,995,000 are funded by passenger facility charges and other airport revenues. Urban renewal bonds of \$1,700,000 are funded by the property tax increment within the urban renewal boundary.

Jackson County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
General obligation	\$ 20,625,000	\$ 22,790,000	\$ -	\$ -	\$ 20,625,000	\$ 22,790,000
Bancroft bonds	744,354	867,839	-	-	744,354	867,839
Airport revenue bonds	-	-	18,995,000	19,335,000	18,995,000	19,335,000
Urban renewal bonds	1,700,000	2,485,000	-	-	1,700,000	2,485,000
Total	\$ 23,069,354	\$ 26,142,839	\$ 18,995,000	\$ 19,335,000	\$ 42,064,354	\$ 45,477,839

Jackson County maintains an "Aa2" rating from Moody's Investor Service for its Library Refunding Bond Series 2006, and the Library Refunding Bond Series 2010 bond issues.

Oregon revised statutes limit the amount of general obligation debt a County may have outstanding to 2.0% of the true cash value of all taxable property in the County. The current debt limitation for the County is \$450,531,059 which is significantly more than the \$20,625,000 which the County has outstanding.

Additional information of the County's long-term debt can be found in Note D in the Notes section on pages 34 through 39. Computation of the legal debt margin is shown in the Statistical Section on page 98.

Economic Factors and Next Year's Budget

- Once known for timber, the economy of Jackson County has diversified. Health Care has become the largest employment group in the County. Jackson County boasts several major and community medical centers and physician groups, with the Asante Health System being the largest Jackson County employer. Retail, including Harry and David's mail order business, is the second largest employment group in the County. Government is the third largest employment group. This reflects the fact that the federal government owns 52% of the land within the County's boundaries. At the close of the fiscal year, the County's unemployment rate was 10.7%, which was above the state average of 8.6%. At the same time, the national average was 8.4%.
- The population of the County increased 1.1% during the past year, with K-12 school enrollment down 1.0%.
- County-issued residential building permits increased 11.2% from the previous fiscal year, reflecting the small growth in building activity nation-wide. This doesn't include permits issued by cities.
- Total taxable assessed value within the County increased by only 1.2%.

A significant source of County general fund revenue is the former federal Oregon & California Railroads act funds (O&C funds), which had been in place, with modifications, since 1937. Public Law 110-343 included an extension to the O&C and Federal Forest revenues, which ended in the current fiscal year.

These are among the factors that were considered in preparing Jackson County's budget for the 2012-13 fiscal year.

The County's 2012-13 budget is \$316,219,068 plus \$6,022,034 for the Urban Renewal Agency, \$1,985,000 for the White City Law Enforcement District, and \$1,000,473 for the White City Lighting District, each of which are "blended" component units. The total for the County plus its three component units is \$325,226,575. This represents a decrease 9.2% from the final 2011-12 budget. Budgeted funds include the general fund, special revenue, capital project, debt service, enterprise and internal service funds. The general fund appropriation budget is \$78,801,426, a decrease of 17.8%. In Oregon, the total amount of the fund balance is budgeted as a resource; therefore, a decrease in fund balance one year results in a corresponding decrease in the following year's budget regardless of the amount of the fund balance that is actually appropriated for expenditure.

Requests for Information

This financial report is designed to provide to citizens, customers, investors, creditors and others with an interest in the Jackson County, a general overview of the County's finances and to demonstrate accountability for the funds it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Jackson County Finance Director, 10 S. Oakdale Ave., #113, Medford, OR 97501.

Basic Financial Statements

Jackson County, Oregon
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 126,228,647	\$ 18,146,725	\$ 144,375,372
Receivables (net of uncollectible allowance)	9,637,041	572,421	10,209,462
Internal balances	2,330,839	(2,330,839)	-
Inventories	1,924,712	167,140	2,091,852
Deposits and prepaid items	368,840	3,852	372,692
Deferred charges	1,232,586	643,649	1,876,235
Net pension obligation	583,917	-	583,917
Restricted assets:			
Temporarily restricted:			
Cash and investments	-	983,582	983,582
Capital assets (net of accumulated depreciation):			
Land	19,000,680	17,791,936	36,792,616
Buildings and improvements	69,924,643	87,007,178	156,931,821
Equipment	6,659,030	2,373,296	9,032,326
Software	1,301,786	-	1,301,786
Construction in progress	10,814,675	4,320,650	15,135,325
Infrastructure	148,475,997	-	148,475,997
Total assets	<u>398,483,393</u>	<u>129,679,590</u>	<u>528,162,983</u>
LIABILITIES			
Accounts payable and other current liabilities	7,957,626	627,910	8,585,536
Accrued interest payable	74,202	81,965	156,167
Unearned revenues	222,894	513,619	736,513
Noncurrent liabilities:			
Due within one year	9,477,668	365,000	9,842,668
Due in more than one year	24,985,531	19,296,266	44,281,797
Total liabilities	<u>42,717,921</u>	<u>20,884,760</u>	<u>63,602,681</u>
NET ASSETS			
Net investment in capital assets	233,702,157	92,475,443	326,177,600
Restricted for:			
General Government	2,891,897	-	2,891,897
Elections & Records	1,089,268	-	1,089,268
Community Justice & Safety	1,869,053	-	1,869,053
Culture & Recreation	621,965	-	621,965
Planning, Development & Natural Resources	2,191,458	-	2,191,458
Health & Human Services	16,408,175	-	16,408,175
Transportation	15,040,679	-	15,040,679
Debt Service	7,464,368	1,424,273	8,888,641
Nonexpendable	10,000	-	10,000
Unrestricted	74,476,452	14,895,114	89,371,566
Total net assets	<u>\$ 355,765,472</u>	<u>\$ 108,794,830</u>	<u>\$ 464,560,302</u>

The accompanying notes are an integral part of this statement.

Jackson County, Oregon
Statement of Activities
For the fiscal year ended June 30, 2012

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General Government	\$ 10,489,720	\$ 1,310,805	\$ 7,093,230	\$ -	\$ (2,085,685)	\$ -	\$ (2,085,685)
Elections & Records	1,872,126	1,883,077	9,453	-	20,404	-	20,404
Community Justice & Safety	48,650,631	5,615,258	10,894,972	82,250	(32,058,151)	-	(32,058,151)
Culture & Recreation	8,257,201	676,748	526,993	-	(7,053,460)	-	(7,053,460)
Planning, Development & Natural Resources	9,678,094	3,564,969	385,068	-	(5,728,057)	-	(5,728,057)
Health & Human Services	35,130,881	3,135,451	28,731,365	-	(3,264,065)	-	(3,264,065)
Transportation	28,358,761	3,091,800	14,132,072	-	(11,134,889)	-	(11,134,889)
Interest on long-term debt	1,053,455	-	-	-	(1,053,455)	-	(1,053,455)
Total governmental activities	143,490,869	19,278,108	61,773,153	82,250	(62,357,358)	-	(62,357,358)
Business-type activities:							
Airport	11,060,591	7,217,246	1,171,582	3,663,406	-	991,643	991,643
Exposition Park	2,309,698	1,750,736	50,002	204,775	-	(304,185)	(304,185)
Recreation Enterprise	2,244,550	826,215	692,280	202,108	-	(523,947)	(523,947)
Total business - type activities	15,614,839	9,794,197	1,913,864	4,070,289	-	163,511	163,511
Total primary government	\$ 159,105,708	\$ 29,072,305	\$ 63,687,017	\$ 4,152,539	\$ (62,357,358)	\$ 163,511	\$ (62,193,847)
General revenues:							
Property taxes					\$ 37,181,804	\$ -	\$ 37,181,804
Grants and contributions not restricted to specific programs					5,206,439	-	5,206,439
Unrestricted investment earnings					3,136,930	276,042	3,412,972
Transfers					(327,529)	327,529	-
Total general revenues and transfers					45,197,644	603,571	45,801,215
Change in net assets					(17,159,714)	767,082	(16,392,632)
Net assets - beginning					372,925,186	108,027,748	480,952,934
Net assets - ending					\$ 355,765,472	\$ 108,794,830	\$ 464,560,302

Jackson County, Oregon
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	General Road Fund	Health and Human Services Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 46,545,624	\$ 13,518,867	\$ 17,499,050	\$ 8,300,029	\$ 21,359,591	\$ 107,223,161
Receivables (net of uncollectible allowance)	6,325,099	1,360,662	987,339	100,918	826,986	9,601,004
Deposits and prepaid items	20,997	997	135,949	-	-	157,943
Due from other funds	3,746,523	272,795	334,990	78,773	160,650	4,593,731
Inventories	-	1,872,609	-	-	-	1,872,609
Total assets	<u>\$ 56,638,243</u>	<u>\$ 17,025,930</u>	<u>\$ 18,957,328</u>	<u>\$ 8,479,720</u>	<u>\$ 22,347,227</u>	<u>\$ 123,448,448</u>
LIABILITIES						
Accounts payable	\$ 693,323	\$ 1,069,674	\$ 589,380	\$ 202,898	\$ 7,924	\$ 2,563,199
Accrued payroll, withholdings and benefits	3,865,605	-	-	-	-	3,865,605
Due to other funds	375,594	348,530	876,333	1,229,849	344,292	3,174,598
Deferred revenue	2,024,727	950,669	-	-	742,028	3,717,424
Unearned revenue	18,483	-	78,278	126,133	-	222,894
Retainages and other liabilities	194,308	45,337	-	25,783	303,726	569,154
Total liabilities	<u>7,172,040</u>	<u>2,414,210</u>	<u>1,543,991</u>	<u>1,584,663</u>	<u>1,397,970</u>	<u>14,112,874</u>
FUND BALANCES						
Nonspendable	1,119,904	1,873,606	135,949	-	-	3,129,459
Restricted	624,838	12,738,114	17,277,388	4,531,245	11,262,407	46,433,992
Assigned	13,490,187	-	-	2,363,812	9,686,850	25,540,849
Unassigned	34,231,274	-	-	-	-	34,231,274
Total fund balances	<u>49,466,203</u>	<u>14,611,720</u>	<u>17,413,337</u>	<u>6,895,057</u>	<u>20,949,257</u>	<u>109,335,574</u>
Total liabilities and fund balances	<u>\$ 56,638,243</u>	<u>\$ 17,025,930</u>	<u>\$ 18,957,328</u>	<u>\$ 8,479,720</u>	<u>\$ 22,347,227</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	253,033,107
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	3,717,424
Internal service fund assets and liabilities are included in governmental activities in the statement of net assets	15,997,597
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(26,318,230)

Net assets of governmental activities \$ 355,765,472

Jackson County, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the fiscal year ended June 30, 2012

	General Fund	General Road Fund	Health and Human Services Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Intergovernmental	\$ 18,753,434	\$ 13,942,266	\$ 28,731,365	\$ 5,295,082	\$ 257,445	\$ 66,979,592
Charges for services	8,919,967	2,067,802	1,897,529	1,498,999	1,155,465	15,519,762
Licenses and permits	192,380	-	1,125,288	-	-	1,317,668
Fines and forfeitures	1,937,502	-	112,634	18,450	-	2,068,586
Taxes	32,219,648	-	-	-	4,694,657	36,914,305
Interest	1,034,952	205,204	285,893	153,893	297,722	1,977,664
Miscellaneous	535,760	42,497	227,404	13,437	11,672	830,770
Total revenues	63,593,643	16,257,769	32,380,113	6,979,861	6,396,961	125,608,347
EXPENDITURES						
Current:						
General Government	4,937,173	-	-	3,558,593	144,744	8,640,510
Elections & Records	1,212,462	-	-	552,285	-	1,764,747
Community Justice & Safety	44,476,051	-	-	228,299	1,315,606	46,019,956
Culture & Recreation	5,694,798	-	-	294,946	4,153	5,993,897
Planning, Development & Natural Resources	4,026,729	-	-	188,996	527,139	4,742,864
Health & Human Services	-	-	33,952,103	-	-	33,952,103
Transportation	-	14,738,202	-	209,064	602,960	15,550,226
Debt service:						
Principal	-	-	-	-	3,073,485	3,073,485
Interest	-	-	-	-	1,064,327	1,064,327
Capital outlay:						
General Government	699,266	-	-	-	10,332,653	11,031,919
Elections & Records	7,605	-	-	-	-	7,605
Community Justice & Safety	491,121	-	-	-	-	491,121
Planning, Development & Natural Resources	31,450	-	-	-	2,454,832	2,486,282
Transportation	-	2,931,256	-	-	1,027,821	3,959,077
Total expenditures	61,576,655	17,669,458	33,952,103	5,032,183	20,547,720	138,778,119
Excess (deficiency) of revenues over (under) expenditures	2,016,988	(1,411,689)	(1,571,990)	1,947,678	(14,150,759)	(13,169,772)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,408,989	880,515	3,179,703	13,083	19,824,502	25,306,792
Transfers out	(25,406,146)	-	-	(1,657,250)	(779,309)	(27,842,705)
Total other financing sources	(23,997,157)	880,515	3,179,703	(1,644,167)	19,045,193	(2,535,913)
Net change in fund balances	(21,980,169)	(531,174)	1,607,713	303,511	4,894,434	(15,705,685)
Fund balances - beginning	71,446,372	14,806,094	15,805,624	6,591,546	16,054,823	124,704,459
Increase in reserve for inventories	-	336,800	-	-	-	336,800
Fund balances - ending	\$ 49,466,203	\$ 14,611,720	\$ 17,413,337	\$ 6,895,057	\$ 20,949,257	\$ 109,335,574

The accompanying notes are an integral part of this statement.

Jackson County, Oregon
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2012

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

Net change in fund balances - total governmental funds		\$ (15,705,685)
Governmental funds report the change in inventories as a change in fund balance.		
However, in the statement of activities the change is included in expenses.		336,800
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation during the year.		
Capital outlay	17,661,170	
Depreciation expense	<u>(12,121,099)</u>	5,540,071
In the statement of activities, only the gain (loss) on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		(10,494,589)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of long-term debt principal consumes current financial resources of governmental funds. However, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
Long-term debt principal repaid	3,073,485	
Amortization of debt issuance costs	<u>(74,422)</u>	2,999,063
Revenues in the statement of activities that did not provide current financial resources are not reported as revenues in the funds. This is the effect of the change in the deferral of these amounts during the year.		
Property taxes	267,499	
Assessments	<u>(237,018)</u>	30,481
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. This is the effect of the change in these liabilities during the year.		
Net pension obligation	271,523	
Net OPEB obligation	(282,630)	
Compensated absences	(217,741)	
Accrued interest on debt	<u>10,872</u>	(217,976)
Adjustment to reflect the consolidation of internal service fund activities related to governmental activities.		<u>352,121</u>
Change in net assets of governmental activities		<u>\$ (17,159,714)</u>

Jackson County, Oregon
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 23,584,003	\$ 23,021,559	\$ 18,753,434	\$ (4,268,125)
Charges for services	9,512,400	9,592,790	8,919,967	(672,823)
Licenses and permits	162,070	162,070	192,380	30,310
Fines and forfeitures	2,169,985	2,169,985	1,937,502	(232,483)
Taxes	32,502,986	32,502,986	32,219,648	(283,338)
Interest	1,024,114	1,024,114	1,034,952	10,838
Miscellaneous	235,658	235,658	535,760	300,102
Total revenues	69,191,216	68,709,162	63,593,643	(5,115,519)
EXPENDITURES				
General Government:				
Assessor	3,691,746	4,167,957	3,968,933	199,024
Finance	848,916	848,916	809,455	39,461
County Administration - Emergency Management	230,229	366,623	281,733	84,890
Fiduciary	4,538,574	3,808,363	576,318	3,232,045
Total General Government	9,309,465	9,191,859	5,636,439	3,555,420
Elections & Records:				
County Clerk	1,435,636	1,435,636	1,220,067	215,569
Community Justice & Safety:				
District Attorney	4,770,726	4,779,228	4,416,797	362,431
Jackson County Justice Court	558,903	558,903	481,036	77,867
Sheriff	28,734,815	28,734,815	26,126,341	2,608,474
Community Justice	14,770,130	14,770,130	13,942,998	827,132
Total Community Justice & Safety	48,834,574	48,843,076	44,967,172	3,875,904
Culture & Recreation:				
Library	6,069,541	6,269,541	5,694,798	574,743
Planning, Development & Natural Resources:				
Economic and Special Development	1,000,092	1,275,687	851,951	423,736
Development Services	3,721,332	3,721,332	3,206,228	515,104
Total Planning, Development & Natural Resources	4,721,424	4,997,019	4,058,179	938,840
Total expenditures	70,370,640	70,737,131	61,576,655	9,160,476
Excess of revenues over (under) expenditures	(1,179,424)	(2,027,969)	2,016,988	4,044,957
OTHER FINANCING SOURCES (USES)				
Transfers in	578,273	1,426,818	1,408,989	(17,829)
Transfers out	(25,486,958)	(25,486,958)	(25,406,146)	80,812
Total other financing sources and uses	(24,908,685)	(24,060,140)	(23,997,157)	62,983
Net change in fund balances	(26,088,109)	(26,088,109)	(21,980,169)	4,107,940
Fund balance - beginning	71,351,727	71,351,727	71,446,372	94,645
Fund balance - ending	\$ 45,263,618	\$ 45,263,618	\$ 49,466,203	\$ 4,202,585

Jackson County, Oregon
General Road Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 13,427,121	\$ 13,427,121	\$ 13,942,266	\$ 515,145
Charges for services	1,645,091	1,645,091	2,067,802	422,711
Interest	275,000	275,000	205,204	(69,796)
Miscellaneous	-	-	42,497	42,497
Total revenues	15,347,212	15,347,212	16,257,769	910,557
EXPENDITURES				
Current:				
Transportation:				
Personal services	8,020,341	8,020,341	7,106,883	913,458
Materials and services	8,418,445	8,383,445	7,631,319	752,126
Contingency	200,000	200,000	-	200,000
Total Transportation	16,638,786	16,603,786	14,738,202	1,865,584
Capital outlay:				
Transportation	4,171,169	4,206,169	2,931,256	1,274,913
Total expenditures	20,809,955	20,809,955	17,669,458	3,140,497
Excess (deficiency) of revenues over (under) expenditures	(5,462,743)	(5,462,743)	(1,411,689)	4,051,054
OTHER FINANCING SOURCES (USES)				
Transfer in	880,515	880,515	880,515	-
Net change in fund balances	(4,582,228)	(4,582,228)	(531,174)	4,051,054
Fund balance - beginning	12,068,426	12,068,426	14,806,094	2,737,668
Change in reserve for inventories	-	-	336,800	336,800
Fund balance - ending	\$ 7,486,198	\$ 7,486,198	\$ 14,611,720	\$ 7,125,522

Jackson County, Oregon
Health and Human Services Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 38,856,133	\$ 40,209,346	\$ 28,731,365	\$ (11,477,981)
Charges for services	3,269,607	3,333,607	1,897,529	(1,436,078)
Licenses and permits	1,210,600	1,210,600	1,125,288	(85,312)
Fines and forfeitures	123,850	123,850	112,634	(11,216)
Interest	165,000	65,000	285,893	220,893
Miscellaneous	10,000	10,000	227,404	217,404
Total revenues	43,635,190	44,952,403	32,380,113	(12,572,290)
EXPENDITURES				
Current:				
Health & Human Services:				
Personal services	20,314,003	20,262,399	18,085,279	2,177,120
Materials and services	27,204,988	28,496,657	15,866,824	12,629,833
Total Health & Human Services	47,518,991	48,759,056	33,952,103	14,806,953
Capital outlay:				
Health & Human Services	3,500,000	3,500,000	-	3,500,000
Total expenditures	51,018,991	52,259,056	33,952,103	18,306,953
Excess (deficiency) of revenues over (under) expenditures	(7,383,801)	(7,306,653)	(1,571,990)	5,734,663
OTHER FINANCING SOURCES (USES)				
Transfer in	3,179,703	3,179,703	3,179,703	-
Net change in fund balances	(4,204,098)	(4,126,950)	1,607,713	5,734,663
Fund balance - beginning	15,200,434	15,123,286	15,805,624	682,338
Fund balance - ending	\$ 10,996,336	\$ 10,996,336	\$ 17,413,337	\$ 6,417,001

Jackson County, Oregon
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 2,849,395	\$ 3,846,990	\$ 5,295,082	\$ 1,448,092
Charges for services	1,353,648	1,353,648	1,498,999	145,351
Fines and forfeitures	17,000	22,000	18,450	(3,550)
Interest	80,340	84,340	153,893	69,553
Miscellaneous	6,792	6,792	13,437	6,645
Total revenues	4,307,175	5,313,770	6,979,861	1,666,091
EXPENDITURES				
General Government:				
County Schools	1,000,000	1,000,000	490,291	509,709
Title III	3,819,046	3,819,046	1,857,157	1,961,889
Title II	1,500,000	1,500,000	1,211,145	288,855
Video Lottery	-	25,500	-	25,500
Total General Government	6,319,046	6,344,546	3,558,593	2,785,953
Elections & Records:				
Surveyor	1,492,597	1,492,597	552,285	940,312
Community Justice & Safety:				
Court Security	524,434	524,434	206,837	317,597
Culture & Recreation:				
Law Library	699,555	699,555	294,946	404,609
Sports Park Mitigation	-	151,595	21,462	130,133
Total Culture & Recreation	699,555	851,150	316,408	534,742
Planning Development & Natural Resources:				
Solid Waste Management	1,922,828	1,922,828	188,996	1,733,832

(Continues)

Jackson County, Oregon
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
(Continued)
For the fiscal year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
EXPENDITURES (Continued)				
Transportation:				
County Trails	\$ 361,479	\$ 361,479	\$ 209,064	\$ 152,415
Total expenditures	11,319,939	11,497,034	5,032,183	6,464,851
Excess (deficiency) of revenues over (under) expenditures	(7,012,764)	(6,183,264)	1,947,678	8,130,942
OTHER FINANCING SOURCES (USES)				
Transfers in	18,083	18,083	13,083	(5,000)
Transfers out	(859,097)	(1,688,597)	(1,657,250)	31,347
Total other financing sources and uses	(841,014)	(1,670,514)	(1,644,167)	26,347
Net change in fund balances	(7,853,778)	(7,853,778)	303,511	8,157,289
Fund balances - beginning	7,853,778	7,853,778	6,591,546	(1,262,232)
Fund balances - ending	\$ -	\$ -	\$ 6,895,057	\$ 6,895,057

Jackson County, Oregon
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Exposition Park Current Year	Exposition Park Prior Year	Airport Current Year	Airport Prior Year
ASSETS				
Current assets:				
Cash and investments	\$ 251,773	\$ 137,529	\$ 16,978,322	\$ 15,336,168
Receivables (net of allowance for uncollectibles)	74,599	80,656	477,487	774,647
Deposits and prepaid items	3,711	-	141	175
Due from other funds	776	9,448	550,224	213,017
Inventories	-	-	167,140	126,465
Total current assets	330,859	227,633	18,173,314	16,450,472
Noncurrent assets:				
Deferred charges - bond issuance costs	-	-	643,649	691,808
Cash restricted to payment of long-term debt	-	-	983,582	1,001,544
Total restricted assets	-	-	1,627,231	1,693,352
Capital assets:				
Land	822,237	822,237	15,586,464	15,277,983
Buildings	10,722,499	10,474,287	68,649,420	69,541,794
Software	-	-	-	-
Improvements other than buildings	776,440	776,440	46,355,934	44,790,334
Equipment	193,564	193,564	4,202,087	4,173,915
Construction in progress	-	-	4,326,874	3,240,980
Less accumulated depreciation	(6,049,372)	(5,609,821)	(40,150,842)	(38,750,530)
Total capital assets (net of accumulated depreciation)	6,465,368	6,656,707	98,969,937	98,274,476
Total noncurrent assets	6,465,368	6,656,707	100,597,168	99,967,828
Total assets	6,796,227	6,884,340	118,770,482	116,418,300
LIABILITIES				
Current liabilities:				
Accounts payable	58,021	66,748	265,026	295,338
Accrued claims liability	-	-	-	-
Due to other funds	190,484	178,852	1,359,166	247,775
Revenue bonds payable, current	-	-	355,000	340,000
Contract payable, current	-	-	10,000	10,000
Accrued interest payable	-	-	81,965	85,572
Compensated absences	-	-	-	-
Deferred revenue	219,551	221,654	183,729	147,773
Retainages and other liabilities	-	-	259,412	103,076
Total current liabilities	468,056	467,254	2,514,298	1,229,534
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	-	19,207,932	19,604,310
Contracts payable, net of current portion	-	-	88,334	98,334
Total noncurrent liabilities	-	-	19,296,266	19,702,644
Total liabilities	468,056	467,254	21,810,564	20,932,178
NET ASSETS				
Invested in capital assets, net of related debt	6,465,368	6,656,707	79,952,320	78,913,640
Restricted for debt service	-	-	1,338,582	1,341,544
Unrestricted	(137,197)	(239,621)	15,669,016	15,230,938
Total net assets	\$ 6,328,171	\$ 6,417,086	\$ 96,959,918	\$ 95,486,122
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Net assets of business-type activities				

The accompanying notes are an integral part of this statement.

Jackson County, Oregon
Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2012

Business-Type Activities - Enterprise Funds (Continued)			Government
Recreation Enterprise Current Year	Recreation Enterprise Prior Year	Total Current Year	Activities - Internal Service Fund
\$ 916,630	\$ 841,772	\$ 18,146,725	\$ 19,005,486
20,335	12,904	572,421	36,037
-	-	3,852	210,897
73,723	61,833	624,723	629,112
-	-	167,140	52,103
<u>1,010,688</u>	<u>916,509</u>	<u>19,514,861</u>	<u>19,933,635</u>
-	-	-	-
-	-	643,649	-
-	-	983,582	-
-	-	<u>1,627,231</u>	<u>-</u>
1,383,235	1,514,962	17,791,936	382,150
6,162,724	6,051,916	85,534,643	631,400
-	-	-	350,939
4,853,915	4,721,150	51,986,289	-
251,357	280,963	4,647,008	8,723,947
485	70,419	4,327,359	-
<u>(6,593,961)</u>	<u>(6,245,120)</u>	<u>(52,794,175)</u>	<u>(6,717,014)</u>
<u>6,057,755</u>	<u>6,394,290</u>	<u>111,493,060</u>	<u>3,371,422</u>
<u>6,057,755</u>	<u>6,394,290</u>	<u>113,120,291</u>	<u>3,371,422</u>
<u>7,068,443</u>	<u>7,310,799</u>	<u>132,635,152</u>	<u>23,305,057</u>
45,451	37,127	368,498	913,576
-	-	-	4,298,474
42,611	43,891	1,592,261	1,080,707
-	-	355,000	-
-	-	10,000	-
-	-	81,965	-
-	-	-	2,104,194
110,339	-	513,619	32,063
-	-	259,412	14,029
<u>198,401</u>	<u>81,018</u>	<u>3,180,755</u>	<u>8,443,043</u>
-	-	19,207,932	-
-	-	88,334	-
-	-	19,296,266	-
<u>198,401</u>	<u>81,018</u>	<u>22,477,021</u>	<u>8,443,043</u>
6,057,755	6,394,290	92,475,443	3,371,422
-	-	1,338,582	-
<u>812,287</u>	<u>835,491</u>	<u>16,344,106</u>	<u>11,490,592</u>
<u>\$ 6,870,042</u>	<u>\$ 7,229,781</u>	<u>110,158,131</u>	<u>\$ 14,862,014</u>
		<u>(1,363,301)</u>	
		<u>\$ 108,794,830</u>	

The accompanying notes are an integral part of this statement.

Jackson County, Oregon
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2012

	Business-Type Activities- Enterprise Funds						Governmental Activities Internal Service Fund
	Exposition Park Current Year	Exposition Park Prior Year	Airport Current Year	Airport Prior Year	Recreation Enterprise Current Year	Recreation Enterprise Prior Year	Total Current Year
Operating revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,035
Charges for services	1,474,899	1,346,268	7,145,941	7,364,958	816,869	881,569	9,437,709
Fines and forfeitures	-	-	5,648	7,445	155	303	5,803
Miscellaneous	232,400	150,161	24,279	38,470	2,984	3,094	259,663
Total operating revenues	1,707,299	1,496,429	7,175,868	7,410,873	820,008	884,966	9,703,175
Operating expenses							
Salaries and wages	297,980	333,900	1,387,672	1,380,741	480,525	506,124	2,166,177
Payroll taxes and benefits	128,905	130,574	790,417	702,333	216,148	199,408	1,135,470
General operating expenses	348,877	279,133	400,868	349,506	92,638	83,781	842,383
Special fees	227,800	345,910	-	-	-	-	227,800
Property maintenance and utilities	257,212	252,274	944,931	904,013	293,528	248,227	1,495,671
Equipment maintenance	89,202	76,725	139,922	148,546	44,876	33,084	274,000
Professional and other support services	496,027	362,341	1,359,432	1,537,497	509,036	5,242,796	2,364,495
Depreciation	439,551	431,785	4,577,386	4,521,298	403,448	384,893	5,420,385
Other	1,297	1,759	50,598	42,145	7,863	6,307	59,758
Total operating expenses	2,286,851	2,214,401	9,651,226	9,586,079	2,048,062	6,704,620	13,986,139
Operating income (loss)	(579,552)	(717,972)	(2,475,358)	(2,175,206)	(1,228,054)	(5,819,654)	(4,282,964)
Nonoperating revenues (expenses):							
Intergovernmental revenues	50,002	36,031	-	-	783,580	5,728,571	833,582
Passenger facility charges	-	-	1,171,582	1,221,832	-	-	1,171,582
Interest revenue	2,091	664	260,033	287,196	13,918	16,910	276,042
Interest expense (net of amount capitalized)	-	-	(1,046,095)	(1,066,760)	-	-	(1,046,095)
Amortization of bond premium	-	-	41,378	41,379	-	-	41,378
Gain on sale of fixed assets	43,437	-	-	-	6,207	-	49,644
Loss on sale of fixed assets	-	-	(192,818)	-	(131,727)	(23,479)	(324,545)
Total nonoperating revenues (expenses)	95,530	36,695	234,080	483,647	671,978	5,722,002	1,001,588
Income (loss) before contributions and transfers	(484,022)	(681,277)	(2,241,278)	(1,691,559)	(556,076)	(97,652)	(3,281,376)
Capital contributions	204,775	17,480	3,663,406	2,626,869	110,808	-	3,978,989
Transfers in	190,332	13,071	51,668	-	89,389	96,762	331,389
Transfers out	-	(5,000)	-	-	(3,860)	-	(3,860)
Change in net assets	(88,915)	(655,726)	1,473,796	935,310	(359,739)	(890)	1,025,142
Total net assets - beginning	6,417,086	7,072,812	95,486,122	94,550,812	7,229,781	7,230,671	14,751,608
Total net assets - ending	\$ 6,328,171	\$ 6,417,086	\$ 96,959,918	\$ 95,486,122	\$ 6,870,042	\$ 7,229,781	\$ 14,862,014
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(258,060)
Change in net assets of business-type activities							\$ 767,082

The accompanying notes are an integral part of this statement.

Jackson County, Oregon
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2012

	Business-Type Activities - Enterprise Funds						Governmental
	Exposition Park Current Year	Exposition Park Prior Year	Airport Current Year	Airport Prior Year	Recreation Enterprise Current Year	Recreation Enterprise Prior Year	Activities Internal Service Fund
Cash flows from operating activities:							
Sale of goods and services	\$ 1,487,525	\$ 1,399,143	\$ 7,000,941	\$ 8,441,369	\$ 904,246	\$ 860,789	\$ 9,392,712
Receipts from interfund services provided	-	-	-	-	-	-	-
Employee payroll payments	(426,885)	(464,473)	(2,178,089)	(2,083,074)	(696,673)	(705,531)	(3,301,647)
Purchases of goods and services	(1,289,726)	(1,012,635)	(912,124)	(3,186,129)	(622,539)	(6,207,553)	(2,824,389)
Receipts from outside agencies	-	-	-	-	-	-	-
Payments for interfund services provided and used	(131,495)	(127,233)	(786,853)	(818,172)	(318,358)	(339,452)	(1,236,706)
Other operating receipts	232,400	150,161	29,927	45,915	3,139	3,397	265,466
Net cash provided by (used in) operating activities	(128,181)	(55,037)	3,153,802	2,399,909	(730,185)	(6,388,350)	2,295,436
Cash flows from noncapital financing activities							
Transfers received	190,332	13,071	51,668	-	89,389	96,762	331,389
Transfers paid	-	(5,000)	-	-	(3,860)	-	(3,860)
Operating subsidies received	50,002	36,031	-	-	787,221	6,594,597	837,223
Net cash provided by (used in) noncapital financing activities	240,334	44,102	51,668	-	872,750	6,691,359	1,164,752
Cash flows from capital and related financing activities:							
Capital grants	-	-	3,804,315	2,752,029	-	-	3,804,315
Proceeds from sale of capital assets	-	-	-	-	6,207	-	-
Debt principal payments	-	-	(350,000)	(330,000)	-	-	(350,000)
Debt interest payments	-	-	(1,001,543)	(1,018,600)	-	-	(1,001,543)
Purchase of capital assets	-	-	(5,465,665)	(3,519,521)	(87,832)	(235,008)	(5,553,497)
Proceeds from passenger facility charges	-	-	1,171,582	1,221,832	-	-	1,171,582
Capital contribution	-	-	-	-	-	-	110,808
Net cash provided by (used in) capital and related financing activities	-	-	(1,841,311)	(894,260)	(81,625)	(235,008)	(1,818,335)
Cash flows from investing activities:							
Interest on investments	2,091	664	260,033	287,196	13,918	16,910	276,042
Net increase (decrease) in cash and investments	114,244	(10,271)	1,624,192	1,792,845	74,858	84,911	1,917,895
Cash and investments - beginning	137,529	147,800	16,337,712	14,544,867	841,772	756,861	17,317,013
Cash and investments - ending	\$ 251,773	\$ 137,529	\$ 17,961,904	\$ 16,337,712	\$ 916,630	\$ 841,772	\$ 19,005,486
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (579,552)	\$ (717,972)	\$ (2,475,358)	\$ (2,175,206)	\$ (1,228,054)	\$ (5,819,654)	\$ (4,282,964)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	439,551	431,785	4,577,386	4,521,298	403,448	384,892	5,420,385
(Increase) decrease in:							
Accounts receivable	6,957	(6,109)	156,251	418,794	(11,072)	(187)	151,236
Interfund receivable	8,672	1,655	(337,207)	597,685	(11,890)	(20,593)	(340,425)
Prepaid expenses	(3,711)	15,551	34	(50)	-	-	(3,677)
Inventories	-	-	(40,675)	340	-	-	(40,675)
Increase (decrease) in:							
Accounts payable	(8,727)	12,049	(30,312)	(315,324)	8,324	(868,642)	(30,715)
Accrued payroll, withholdings & benefits	-	-	-	-	-	-	-
Accrued claims liability	-	-	-	-	-	-	-
Interfund payable	11,632	150,675	1,111,391	(683,689)	(1,280)	(20,485)	1,121,743
Compensated absences	-	-	-	-	-	-	-
Deferred revenue and other liabilities	(2,103)	57,329	192,292	36,061	110,339	(43,681)	300,528
Total adjustments	451,371	662,935	5,629,160	4,575,115	497,869	(568,696)	6,578,400
Net cash provided by (used in) operating activities	\$ (128,181)	\$ (55,037)	\$ 3,153,802	\$ 2,399,909	\$ (730,185)	\$ (6,388,350)	\$ 2,295,436
Noncash investing, capital and financing activities:							
Capital contributions	\$ 204,775	\$ 17,480	\$ -	\$ -	\$ -	\$ -	\$ 204,775
Capital asset additions	(204,775)	(17,480)	-	-	-	-	(204,775)
Book value of capital assets sold	-	-	192,818	60,225	-	-	192,818
Gain (loss) on sale of capital assets	-	-	(192,818)	(60,225)	-	-	(192,818)
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Jackson County, Oregon
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Jackson County Employees' Retirement Plan Trust Fund	Agency Funds
ASSETS		
Cash and investments:		
Pooled cash and investments	\$ -	\$ 3,341,595
Guaranteed deposits	7,244,738	-
Mutual fund investments	10,605,890	-
Receivables (net of allowance for uncollectibles)	-	15,091,980
	<u>17,850,628</u>	<u>18,433,575</u>
LIABILITIES		
Accounts payable	-	169,193
Amounts held in trust	-	18,264,382
	<u>-</u>	<u>18,433,575</u>
NET ASSETS		
Held in trust for employees' pension benefits	<u>\$ 17,850,628</u>	<u>\$ -</u>

Jackson County, Oregon
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the fiscal year ended June 30, 2012

	Jackson County Employees' Retirement Plan Trust Fund
ADDITIONS	
Contributions - employer	\$ 1,139,638
Investment earnings (loss)	<u>(19,539)</u>
Total additions	<u>1,120,099</u>
DEDUCTIONS	
Benefits	1,622,019
Administrative expense	<u>16,774</u>
Total deductions	<u>1,638,793</u>
Change in net assets	(518,694)
Net assets - beginning	<u>18,369,322</u>
Net assets - ending	<u><u>\$ 17,850,628</u></u>

Notes to Financial Statements

I. Summary of significant accounting policies:

A. Description of government-wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting entity

Jackson County was formed January 12, 1852 under the predecessor chapter to Oregon Revised Statutes (ORS) 202. Its present home rule charter, effective January 8, 1979 (revised November 2, 1999) was adopted under Article VI, Section 10, of the Oregon State Constitution. Its boundaries are established by ORS 201.150. The County is governed by a Board of Commissioners consisting of three independently elected members serving staggered four-year terms. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the County (the primary government). The County has three blended component units which are included in this report.

Blended component units:

Jackson County Urban Renewal Agency (Agency) - The Agency was created in April 1991 under the provisions of state law as the agency responsible for rebuilding the infrastructure, public facilities and parks in the White City area. The "tax increment financing" method is being used to provide funds for the Agency. The separate June 30, 2012 financial statements of Jackson County Urban Renewal Agency are available at the County's administrative offices. The Agency consists of the three elected members of the County's Board of Commissioners. The Agency is administered by the County's Administrator's Office. A seven-member Advisory Committee appointed by the Agency makes recommendations on project priorities and plan amendments.

White City Enhanced Law Enforcement District - The District was created June 14, 1995, under the provisions of state law, by the Jackson County Board of Commissioners. The District is supported by a permanent property tax rate per thousand of \$2.0211. The Jackson County Board of Commissioners, which also serves as the Board of the District, oversees policy direction for the District. The Jackson County Sheriff's Office has entered into a contractual agreement with the District to provide enhanced public safety service within District boundaries. The District's separate June 30, 2012 financial statements are available at the County's administrative offices.

1. Summary of significant accounting policies (Continued):

White City Lighting District – The District was created on May 26, 2004 under the provisions of state law, for the purpose of providing for the operations and maintenance of street lighting to citizens living within the district. In the November 2, 2004 election, the citizens within the district passed a permanent rate levy of \$.047 per \$1,000 assessed valuation to fund District operations. The Jackson County Board of Commissioners, which also serves as the Board of the District, oversees policy direction for the District. The District's separate June 30, 2012 financial statements are available at the County's administrative offices.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's general fund and general road fund and various other functions of the county. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Indirect expenses consisting of building depreciation are allocated based on utilized square footage.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The *general road fund* accounts for Road User Taxes collected by the state. The expenditures of the road fund are restricted under Article IX of the Constitution of the State of Oregon for construction, reconstruction, improvement, repair, maintenance, operation, use and policing of public highways, roads and streets within the County.

I. Summary of significant accounting policies (Continued):

The *health and human services fund* is used to account for state funds restricted to the provision of health services. This fund accounts for the expenditures of public health, mental health, restaurant inspection, environmental health and veterans' services.

The *special revenues fund* was established to individually account for various revenues that are restricted or committed to expenditures for specific purposes, and are not established as other special revenue funds. Departments within this fund are Surveyor, County Trails, Law Library, Liquor Enforcement, Title II, Title III, Solid Waste Management, Court Security, County Schools, Sports Park Mitigation, and Video Lottery.

The County reports the following major enterprise funds:

The *exposition park fund* accounts for the operations of the County's Exposition Park, including the annual county fair.

The *airport fund* accounts for the operations and capital projects of the Rogue Valley International-Medford Airport.

The *recreation enterprise fund* accounts for the operations of the extensive parks system.

Additionally, the County reports the following fund types:

The *internal service fund* accounts for the County's self-insurance (general liability, auto liability, workers' compensation services and manager's health benefits), motor pool, computer replacement and general administrative support functions ("central services") that are charged to other departments on a cost-reimbursement basis.

The *pension trust fund* accounts for the County's single employer pension plans.

Agency funds account for property taxes collected on behalf of other taxing districts, and miscellaneous fees collected on behalf of other government agencies.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

I. Summary of significant accounting policies (Continued):

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes collected within 60 days of year-end, state, county and local shared revenues, federal and state grants (to the extent that revenues are recorded as eligible expenditures are incurred), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

I. Summary of significant accounting policies (Continued):

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

F. Assets, liabilities, and net assets/fund balance

1. *Cash and investments*

The County's cash consists of bank demand deposits, investments which are short-term (less than 90-day maturity at purchase) highly liquid instruments and deposits considered to be cash equivalents. The County maintains a cash and investment management pool that is available for use by all funds, except the pension trust fund. The cash and investment management pool has the general characteristic of a demand deposit account for all County funds in that these funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

The County reports all short-term, highly-liquid money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of three months or less at amortized cost. Investments with a remaining maturity at time of purchase of more than three months are valued at fair value. Investments held by others for the pension trust funds are also valued at fair value.

The County's investments at year-end consist of investments in the State of Oregon Local Government Investment Pool, certificates of deposit, Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) certificates, corporate paper, and U.S. Government securities held under repurchase agreements, all of which are authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance calculated on a daily basis.

The County maintains depository insurance under federal depository insurance funds. The County also covers deposits with collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasurer. The Local Government Investment Pool, repurchase agreements, commercial paper, banker's acceptances and U.S. Treasury and agency investments, are exempt from Statutes requiring such collateral.

For purposes of the statement of cash flows, cash includes all assets in the cash and investment management pool, including cash and investments with fiscal agents which is restricted.

1. Summary of significant accounting policies (Continued):**2. *Receivables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectibles.

Assessments receivable, which represent minor improvements benefiting specific property owners, are financed by and recorded in the governmental funds. The receivables are offset by a deferred revenue account and are recorded as income as they become measurable and available. Substantially all assessments are receivable in installments, including interest at 6% to 9%, over periods of 10 to 20 years.

3. *Inventories and prepaid items*

In the governmental funds, inventories consist primarily of road repair materials and supplies. Inventories are valued at average cost and are shown in the balance sheet as an asset. The amount shown as inventory has been recorded as an expenditure (purchase method). In the proprietary funds, inventory of materials and supplies is valued at lower of first-in, first-out (FIFO) cost or market. Expense is recognized as the materials and supplies are used.

Deposits represent amounts held by others as agents of the County which remain the property of, and will be returned to, the County. Payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. *Capital assets*

Capital assets, which includes land, property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, storm drains, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with a useful life of more than one year and an initial, individual cost of more than \$30,000 for intangible assets and \$5,000 for other assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

I. Summary of significant accounting policies (Continued):

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the county incurred no interest expense for capital assets for business-type activities.

Capital assets are depreciated unless they are inexhaustible in nature, such as land. Property, plant and equipment of the County, as well as the component units, are depreciated using the straight-line method over the estimated useful lives of the related assets. Intangible assets with indefinite useful lives are not amortized.

The estimated useful lives of capital assets are as follows:

Buildings and improvements	7 to 50 years
Equipment, including vehicles and software	3 to 20 years
Roads	30 to 40 years
Bridges	20 to 50 years
Signals & street lights	20 years
Software	3 to 5 years
Storm drains & sidewalks	30 years

In general, an asphalt overlay of 2" or less is considered to be maintenance. An overlay of greater than 2", or which increases the capacity of the road system, is considered to be an increase to the original life of the road system and is capitalized.

5. Fund balances and net assets

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus used in the reporting fund.

On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balance and are segregated into separate classifications indicating the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. The County itself can establish limitations of the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

I. Summary of significant accounting policies (Continued):

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the County that can, by Board Order, commit fund balance. Once ordered, the limitation imposed by the order remains in place until a subsequent order to remove or revise the limitation. Resources that are constrained by the County's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. The County has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted or committed in governmental funds outside of the General Fund. In the General Fund, it represents amounts assigned through order of the Board of Commissioner that do not qualify as committed because the assignment expires.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers amounts to be spent in order from most restricted to least restricted: Restricted, Committed, Assigned, and then Unassigned.

On the government-wide Statement of Net Assets, the proprietary funds' Statement of Net Assets, and the fiduciary funds' Statement of Fiduciary Net Assets, net assets are segregated into restricted and unrestricted balances. Restrictions are limitations on how the net assets may be used. Restrictions may be placed on net assets by an external party that provided the resources, by enabling legislation or by the nature of the asset.

Net assets invested in capital assets, net of related debt represents total capital assets less accumulated depreciation less debt directly related to capital assets. This amount is reported on the Statement of Net Assets and in the financial statements for Proprietary Fund types.

6. *Self-insurance and accrued claims liability*

The County maintains self-insurance programs (included in the Internal Service Fund) for certain tort and general liability claims, management medical claims and workers' compensation. Premiums are charged to various County funds based on periodically adjusted rates. Premium payments are recorded as expenditures or expenses in the insured fund and revenue in the insurer fund. Estimated liabilities for incurred but not reported claims have been accrued.

JACKSON COUNTY, OREGON

Notes to Financial Statements

June 30, 2012

I. Summary of significant accounting policies (Continued):

G. Revenues and expenditures/expenses

1. *Program revenues*

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property taxes*

Property taxes attach an enforceable lien on real property and are levied on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. Real property taxes unpaid on May 16 are considered delinquent. The County levies, collects and distributes property taxes for all taxing jurisdictions within its boundaries.

3. *Compensated absences*

Accumulated vested compensated absences which have been advance funded are reported in the Internal Service Fund. Each pay period, newly accrued vacation in all funds is expensed as earned and transferred to the Internal Service Fund. Vacation time is charged against the liability balance as taken. Sick pay, which does not vest, is recorded when leave is taken.

4. *Proprietary funds operating and nonoperating revenues and expenses*

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 of the exposition park, the airport, the recreation enterprise funds, and the internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund 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.

5. *Comparative data*

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

I. Summary of significant accounting policies (Continued):

6. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Reconciliation of government-wide and fund financial statements

A. Long-term liabilities not reported in the funds

The governmental funds balance sheet includes a reconciliation between fund balances reported for governmental funds and net asset details reported for governmental activities. One element of that reconciliation is the explanation that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$26,318,231 difference are as follows:

Bonds payable:	
General obligation bonds	\$ 20,625,000
Urban renewal bonds	1,700,000
Bancroft bonds	744,354
Unamortized bond premium	637,886
Unamortized debt issuance costs/loss on refunding	(1,232,586)
Compensated absences	2,386,640
Net pension obligation	(171,096)
Net OPEB obligation	1,553,830
Accrued interest on debt	<u>74,202</u>
Net adjustment related to long-term liabilities	<u><u>\$ 26,318,230</u></u>

The net pension obligation reflected above is the remaining balance estimated to exist as of June 30, 2012. The net pension obligation in Note G is the latest available actuarially determined balance as of December 31, 2011.

III. Stewardship, compliance, and accountability**A. Budgetary information**

Except for agency and pension trust funds, the County is required by State law to budget all funds. The Board Order authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds are legally adopted and expenditures are controlled at various levels established by the resolution, as detailed below.

Total expenditures by department/activity:

- General Fund
- Capital Projects Fund
- Library Debt Service Fund
- Special Revenue Fund
- Internal Service Fund

Total expenditures by expenditure type (personal services, materials and services, capital outlay, contingency, and transfer to other funds):

- General Roads Fund
- Health and Human Services Fund
- Law Enhancement District
- Airport Enterprise Fund
- Exposition Park Enterprise Fund
- Recreation Enterprise Fund

The latter level is the lowest level at which appropriations are adopted and the budgetary comparisons are presented at this level. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Board of Commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Commissioners. The County Administrator's office has been assigned authority to make appropriation adjustments within funds, including interdepartmental and expenditure type, without Board of Commissioner approval, provided the total appropriation for a fund is not increased and provided accumulated adjustments do not exceed 10% of the applicable fund total. The County made numerous appropriation transfers during the year ended June 30, 2012 within funds, with Board of Commissioners' approval. Appropriations lapse as of year-end.

The County budgets its governmental fund types on the modified accrual basis of accounting and its proprietary fund types, with the exception of capital expenditures, depreciation and debt principal, on the accrual basis of accounting. All budgets are adopted on a fiscal year basis. Actual expenditures or transfers out (on a budgetary basis) were less than the appropriations authorized by the Board of Commissioners.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds

A. Cash and investments

The County's cash and investments are comprised of the following at June 30, 2012:

Cash on hand and imprest funds	\$ 59,729
Deposits with financial institutions	49,441,207
Cash held by the Association of O&C Counties	473,454
Assets held by others for the pension trust funds	17,850,628
Investments	<u>98,726,158</u>
 Total cash and investments	 166,551,176
 Less cash and investments in fiduciary funds	 (21,192,222)
Less cash and investments restricted to payment of long-term debt	<u>(983,582)</u>
 Cash and investments, as reported in statement of net assets	 <u><u>\$ 144,375,372</u></u>

Deposits with financial institutions: Deposits with financial institutions are bank demand deposits and certificates of deposit. Deposits are covered by Federal Depository Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasurer. The total bank balance, as shown on the banks' records at June 30, 2012 is \$51,382,032. Of these deposits, \$1,255,000 was covered by FDIC and \$50,127,032 was covered by the state collateral pool.

Effective July 1, 2008, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primarily on the capitalization level of the depository bank. The \$50,127,032 in County deposits covered by the state collateral pool is exposed to custodial credit risk because the collateral is not held by a third-party custodian bank in the County's name.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be fully recovered through collateral. Through its investment policy, the County addresses custodial credit risk for deposits by limiting certificates of deposit to 65% of the investment portfolio. In addition, any single issuer of certificates of deposit is limited to 30% of the portfolio. At June 30, 2012, the County held \$41,000,000 in certificates of deposit, which represented 27.94% of the total portfolio at year-end.

Cash held by the Association of O&C Counties: Deposits held at the Association of O&C Counties are uncollateralized and are to be returned to the County no later than November 1, 2012. All earnings on investment of this deposit will be retained by the Association.

JACKSON COUNTY, OREGON

Notes to Financial Statements

June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

A. Cash and investments (Continued)

Assets held by others for the pension trust funds: Cash and investments of the pension trust funds consist of amounts deposited with Standard Insurance Company.

Investments: For fiscal year ended June 30, 2012, the normal investment horizon for the County is 5 years with a target modified duration at 2.5 years. County Treasurers in Oregon may adopt investment horizons beyond 18 months if they develop an investment policy that is reviewed by the State Treasurer's Oregon Short Term Fund Board, and is adopted annually by the County's governing body. Jackson County's investment policy extends the maximum maturity to 60 months.

State statutes authorize the County to invest in general obligations of the U.S. Government and its agencies, certain commercial paper, bankers' acceptances, certain bonded obligations of Oregon municipalities, bank repurchase agreements, and the Oregon Local Government Investment Pool, among others. The County's investment policy neither increases nor decreases the types of investments available per statute.

At June 30, 2012, the County's investments consisted of:

	Fair Value	Percent
Repurchase agreements	\$ 1,424,273	1.4%
US Government Agency Securities	56,874,370	57.7%
Corporate paper:		
General Electric	6,331,457	6.4%
JP Morgan Chase	6,265,834	6.3%
Wells Fargo Bank	6,482,947	6.6%
Westpak Bank	5,519,003	5.6%
Other	12,485,743	12.6%
Local government investment pool	3,342,531	3.4%
Total investments	\$ 98,726,158	100.0%

The Oregon Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. The fair value of the County's position in the pool is substantially the same as the value of the County's participant balance.

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

A. Cash and investments (Continued)

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2012 were approximately: 60% mature within 93 days, 19% mature from 94 days to one year, and 21% mature from one to three years.

In accordance with its investment policy, the County seeks to manage loss associated with changes in interest rates by structuring its portfolio so that securities mature to meet cash requirements for ongoing operations, thereby generally avoiding the need to sell securities prior to maturity. In addition, the 60 month investment horizon for operating and capital funds, combined with an attempt to keep maturities relatively short when rates appear to be rising, seeks to limit interest rate risk.

As of June 30, 2012, maturities for the County's investments are as follows:

Investment Type	Maturities		
	0-1 Years	1-3 Years	3-5 Years
Repurchase agreements	\$ 1,424,273	\$ -	\$ -
US Government agency securities	7,378,110	-	49,496,260
Corporate paper:	8,476,688	28,608,296	-
Local government investment pool	3,342,531	-	-
Total fair value	<u>\$ 20,621,602</u>	<u>\$ 28,608,296</u>	<u>\$ 49,496,260</u>

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Investments in U.S Government Agency securities consist of U.S. Government instrumentalities which are rated AA+ (S&P) or Aaa (Moody's). Investments in corporate paper are rated P-2 or A by Moody's or A-2 or better by Standard and Poor's at the settlement date.

The Repurchase Agreement is an overnight sweep of funds invested in U.S. Treasury and Agency securities. Treasury securities do not require a rating; U.S. Government instrumentalities carry an AAA/Aaa rating. In August 2011, Standard and Poor's lowered its rating on government sponsored securities to AA+.

Concentration of credit risk. The County's investment policy is more restrictive than state statutes and seeks to manage concentration of credit risk through the establishment of maximum percentages for various types of investments, as well as maximums by issuing institution. Actual year-end percentages are provided in a previous table. The County's policy is as follows:

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

A. Cash and investments (Continued)

<u>Diversification by Instrument</u>	<u>Maximum Percent of Portfolio</u>
US treasury obligations	100%
US treasury instrumentalities	75%
Bankers' acceptances	25%
Certificates of deposit	65%
Repurchase agreements	25%
Corporate indebtedness	35%
 <u>Diversification by Institution</u>	
Local Government Investment Pool	50%
US treasury instrumentality issuer	33%
Any certificate of deposit issuer	30%
Corporate indebtedness issuer	5%

Custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County previously implemented third-party safekeeping with Union Bank for non-depository investments. Investments held by Union Bank are held in the County's name.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

B. Receivables

Receivables for the County's individual major funds and non-major funds, internal service fund and fiduciary funds are as follows:

	Property Taxes	Accounts	Assessments	Investment Income	Total
Governmental activities:					
General Fund	\$ 2,523,350	\$ 2,465,935	\$ -	\$ 1,335,814	\$ 6,325,099
General Road Fund	-	409,993	950,669	-	1,360,662
Health and Human Services Fund	-	987,339	-	-	987,339
Special Revenue Fund	-	100,918	-	-	100,918
Nonmajor Governmental Funds	797,779	-	29,207	-	826,986
Internal Service Fund	-	36,037	-	-	36,037
	<u>3,321,129</u>	<u>4,000,222</u>	<u>979,876</u>	<u>1,335,814</u>	<u>9,637,041</u>
Business-type activities:					
Exposition Park Enterprise Fund	-	74,599	-	-	74,599
Airport Enterprise Fund	-	477,487	-	-	477,487
Recreation Enterprise Fund	-	20,335	-	-	20,335
	<u>-</u>	<u>572,421</u>	<u>-</u>	<u>-</u>	<u>572,421</u>
Fiduciary Fund - Agency	<u>15,091,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,091,980</u>
Totals - all funds	<u>\$ 18,413,109</u>	<u>\$ 4,572,643</u>	<u>\$ 979,876</u>	<u>\$ 1,335,814</u>	<u>\$ 25,301,442</u>

Except for two General Fund contracts receivable totaling \$615,453 and the assessments receivable, there are no significant receivable balances not expected to be collected within one year. The contracts receivable are being collected in installments. The allowance for uncollectible accounts is not significant.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

C. Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 18,678,826	\$ 88,527	\$ -	\$ 233,327	\$ 19,000,680
Construction in progress	18,038,675	15,354,268	-	(22,578,268)	10,814,675
Total capital assets not being depreciated	36,717,501	15,442,795	-	(22,344,941)	29,815,355
Capital assets being depreciated:					
Buildings and improvements	129,382,675	44,480	-	712,364	130,139,519
Equipment	26,229,906	2,026,699	1,019,018	-	27,237,587
Software	1,755,892	559,815	-	-	2,315,707
Infrastructure	196,079,887	611,899	10,524,685	21,589,140	207,756,241
Total capital assets being depreciated	353,448,360	3,242,893	11,543,703	22,301,504	367,449,054
Less accumulated depreciation for:					
Buildings and improvements	55,038,348	5,176,528	-	-	60,214,876
Equipment	19,481,708	2,103,417	1,006,568	-	20,578,557
Software	837,679	176,242	-	-	1,013,921
Infrastructure	53,529,998	5,771,515	21,269	-	59,280,244
Total accumulated depreciation	128,887,733	13,227,702	1,027,837	-	141,087,598
Total capital assets being depreciated, net	224,560,627	(9,984,809)	10,515,866	22,301,504	226,361,456
Governmental activities capital assets, net	<u>\$ 261,278,128</u>	<u>\$ 5,457,986</u>	<u>\$ 10,515,866</u>	<u>\$ (43,437)</u>	<u>\$ 256,176,811</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 17,615,182	\$ 2,699	\$ 131,727	\$ 305,782	\$ 17,791,936
Construction in progress	3,311,399	5,490,914	-	(4,481,663)	4,320,650
Total capital assets not being depreciated	20,926,581	5,493,613	131,727	(4,175,881)	22,112,586
Capital assets being depreciated:					
Buildings and improvements	136,355,921	315,584	3,369,892	4,219,318	137,520,931
Equipment	4,648,442	59,881	54,606	-	4,653,717
Total capital assets being depreciated	141,004,363	375,465	3,424,498	4,219,318	142,174,648
Less accumulated depreciation for:					
Buildings and improvements	48,636,968	5,053,860	3,177,075	-	50,513,753
Equipment	1,968,503	366,524	54,606	-	2,280,421
Total accumulated depreciation	50,605,471	5,420,384	3,231,681	-	52,794,174
Total capital assets being depreciated, net	90,398,892	(5,044,919)	192,817	4,219,318	89,380,474
Business-type activities capital assets, net	<u>\$ 111,325,473</u>	<u>\$ 448,694</u>	<u>\$ 324,544</u>	<u>\$ 43,437</u>	<u>\$ 111,493,060</u>

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

C. Capital assets (Continued)

Depreciation expense was charged to functions/programs of the County as follows for the fiscal year end June 30, 2012:

Governmental activities:

General Government	\$ 1,538,813
Elections & Records	4,690
Community Justice & Safety	1,374,986
Health & Human Services	366,550
Culture & Recreation	2,146,949
Planning, Development, & Natural Resources, including depreciation of general infrastructure assets	755,426
Transportation, including depreciation of general infrastructure assets	5,933,685
Internal Services	<u>1,106,603</u>

Total depreciation expense, governmental activities	<u><u>\$ 13,227,702</u></u>
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Business-type activities:

Airport enterprise	\$ 4,577,386
Exposition Park enterprise	439,551
Recreation enterprise	<u>403,448</u>

Total depreciation expense, business-type activities	<u><u>\$ 5,420,385</u></u>
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D. Long-term obligations

1. Changes in long-term obligations

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 22,790,000	\$ -	\$ 2,165,000	\$ 20,625,000	\$ 2,250,000
Unamortized bond premium	718,461	-	80,575	637,886	-
Urban renewal bonds	2,485,000	-	785,000	1,700,000	825,000
Bancroft bond	867,839	-	123,485	744,354	-
Other liabilities:					
Accrued claims liability	4,088,784	5,505,137	5,295,447	4,298,474	4,298,474
Net pension obligation	640,324	586,013	813,516	412,821	-
Net OPEB obligation	1,254,855	494,493	195,518	1,553,830	-
Compensated absences	<u>4,429,496</u>	<u>3,725,995</u>	<u>3,664,657</u>	<u>4,490,834</u>	<u>2,104,194</u>
Governmental activities long-term liabilities	<u><u>\$ 37,274,759</u></u>	<u><u>\$ 10,311,638</u></u>	<u><u>\$ 13,123,198</u></u>	<u><u>\$ 34,463,199</u></u>	<u><u>\$ 9,477,668</u></u>

JACKSON COUNTY, OREGON

Notes to Financial Statements

June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

D. Long-term obligations (Continued)

The net pension obligation is a liability of the general fund. Pension costs are expensed during the year to all funds with payroll costs. The resulting liabilities are subsequently transferred to the general fund for payment.

An internal service fund is used to pay the County's compensated absences liabilities. Internal service funds predominately serve the governmental funds. Accordingly, long-term obligations for them are included as part of the above totals for governmental activities. Also, the accrued claims liability is an internal service fund obligation.

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due within One Year
Business-Type Activities					
Bonds payable	\$ 19,335,000	\$ -	\$ 340,000	\$ 18,995,000	\$ 355,000
Unamortized bond premium	609,310	-	41,378	567,932	-
Contract payable	108,334	-	10,000	98,334	10,000
Business-type activities long-term liabilities	<u>\$ 20,052,644</u>	<u>\$ -</u>	<u>\$ 391,378</u>	<u>\$ 19,661,266</u>	<u>\$ 365,000</u>

2. Bonds payable

	Principal			Interest	
	Outstanding July 1, 2011	Issued During Year	Matured and Paid During Year	Outstanding June 30, 2012	Matured and Paid During Year
Governmental Activities					
General Obligation Bonds, Series 2002	\$ 1,075,000	\$ -	\$ 1,075,000	\$ -	\$ 43,000
General Obligation Bonds, Series 2006	11,480,000	-	1,065,000	10,415,000	446,965
General Obligation Bonds, Series 2010	10,235,000	-	25,000	10,210,000	387,100
Bancroft Bonds, Series 2009	867,839	-	123,485	744,354	43,435
Urban Renewal Bonds, Series 1999A	2,485,000	-	785,000	1,700,000	143,828
Total Governmental Activities	<u>\$ 26,142,839</u>	<u>\$ -</u>	<u>\$ 3,073,485</u>	<u>\$ 23,069,354</u>	<u>\$ 1,064,328</u>
Business-Type Activities:					
Airport Bonds, Series A - 2007	\$ 13,480,000	\$ -	\$ -	\$ 13,480,000	\$ 707,700
Airport Bonds, Series B - 2007	5,855,000	-	340,000	5,515,000	293,844
Total Business-Type Activities	<u>\$ 19,335,000</u>	<u>\$ -</u>	<u>\$ 340,000</u>	<u>\$ 18,995,000</u>	<u>\$ 1,001,544</u>

JACKSON COUNTY, OREGON**Notes to Financial Statements****June 30, 2012****IV. Detailed notes on all activities and funds (Continued)****D. Long-term obligations (Continued)****3. Legal debt margin**

The County is subject to a debt limit on general obligation bonds that is 2 percent of the real market value of all taxable property within the County's boundaries. As of June 30, 2012 that amount was \$450,531,059. As of June 30, 2012 the total outstanding debt applicable to the limit was \$20,625,000 which is 4.58 percent of the total debt limit. The County is also subject to a debt limit on revenue bonds of 1 percent of the real market value of all taxable property within the County's boundaries. As of June 30, 2012 that amount was \$225,265,530. As of June 30, 2012 the total outstanding debt applicable to the limit was \$18,955,000 which is 8.41 percent of the total debt limit.

4. General obligation bonds

Series 2006: Jackson County General Obligation Library Refunding Bonds - Series 2006, principal is due in varying annual installments through June 2020; interest paid semi-annually at 4.00% through June 2015, 3.75% through June 2018, 3.875% for June 2019 and 4.00% for June 2020. The proceeds of the bonds were used to extinguish \$12,730,000 of outstanding Series 2000 General Obligation Library Bonds through an in-substance defeasance.

Year Ending June 30	Principal Maturities	Interest	Total
2013	\$ 1,110,000	\$ 404,365	\$ 1,514,365
2014	1,165,000	359,965	1,524,965
2015	1,215,000	313,365	1,528,365
2016	1,270,000	264,765	1,534,765
2017	1,320,000	217,775	1,537,775
2018-2020	4,335,000	345,200	4,680,200
	<u>\$ 10,415,000</u>	<u>\$ 1,905,435</u>	<u>\$ 12,320,435</u>

Series 2010: Jackson County General Obligation Refunding Bonds - Series 2010, principal is due in annual installments through June 2020; interest paid semi-annually at 2.0% through June 2012, 3.00% through June 2015, 4.0% through June 2018 and 4.5% for June 2020. The proceeds of the bonds were used to extinguish \$10,325,000 of outstanding Series 2002 General Obligation Library Bonds through an in-substance defeasance.

Year Ending June 30	Principal Maturities	Interest	Total
2013	\$ 1,140,000	\$ 386,600	\$ 1,526,600
2014	1,175,000	352,400	1,527,400
2015	1,205,000	317,150	1,522,150
2016	1,240,000	281,000	1,521,000
2017	1,285,000	231,400	1,516,400
2018-2020	4,165,000	370,875	4,535,875
	<u>\$ 10,210,000</u>	<u>\$ 1,939,425</u>	<u>\$ 12,149,425</u>

IV. Detailed notes on all activities and funds (Continued)

D. Long-term obligations (Continued)

5. Bancroft bonds

Series 2009: Jackson County Roads Ironwood/Leafwood Local Improvement District. Principal is due at maturity or as a prepayment as money is received from the property owners. The bond matures on March 1, 2028. Interest payments at a rate of 5.15% are due semi-annually on September and March of each year commencing March 1, 2010. The proceeds of this bond were used to provide funds to finance the costs of the Ironwood/Leafwood Local Improvement District road improvement project, to pay off interim financing for the project and pay bond issuance costs.

The debt service on the bond will be paid from payments received by the County from assessment contracts entered into with property owners who benefited by the road improvement project. These amounts, including interest are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds are received.

6. Urban Renewal bonds

Principal and interest on all Urban Renewal Bonds are payable first from all tax increment revenues and second, if necessary, from all other available resources. As part of the bond covenants, the Agency is required to certify to the County Assessor of Jackson County, Oregon, to the extent it is legally able to do so, each fiscal year bonds are outstanding, an amount sufficient so that the amount to be received is not less than the annual debt service on the bonds. In the event the tax increment revenues in such fiscal year are less than the annual debt service on the bonds in such fiscal year, then the Agency will certify to the County Assessor, to the extent it is legally able to do so, in future fiscal years such amounts as are necessary to make up any deficiency for previous fiscal years.

Series 1999A: Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1999A, principal is due in increasing annual installments through June 1, 2014; interest paid semiannually at 4.40% in 2000 to 5.90% in 2014; bonds may be prepaid on any interest payment date, in whole or in part.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

D. Long-term obligations (Continued)

Bond proceeds were designated for 1) refunding, on an advance refunding basis, the Urban Renewal Bonds series 1993; 2) paying costs of capital projects as defined in the 1999 project list, and; 3) paying the costs of issuance of the bonds. There is no reserve requirement for this issue.

Year Ending June 30	Principal Maturities	Interest	Total
2013	\$ 825,000	\$ 99,475	\$ 924,475
2014	875,000	51,625	926,625
	<u>\$ 1,700,000</u>	<u>\$ 151,100</u>	<u>\$ 1,851,100</u>

7. Airport revenue bonds

Series 2007A & 2007B: Jackson County Airport Revenue Bonds – Series 2007A (non-AMT) in the amount of \$13,480,000 and Series 2007B (AMT) in the amount of \$6,475,000 dated July 10, 2007. Series 2007A interest paid semi-annually commencing December 1, 2007 at 5.25% through December, 2037. Series 2007A principal paid annually commencing December 1, 2023. Series 2007B interest paid semi-annually commencing December 1, 2007 at 5.169% through December, 2023. Series 2007B principal paid annually commencing December 1, 2009. Both Series 2007A and 2007B are subject to redemption prior to maturity at the option of the County, in whole or in part, on any date on or after December 1, 2017. The bond proceeds were used with Airport and FAA revenues to construct a new terminal facility and related improvements at the Rogue Valley International-Medford Airport. For the year ended June 30, 2012, pledged revenues were \$3,529,305 and the debt service payments were \$1,341,544 (263%).

Year Ending June 30	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
2013	\$ -	\$ 707,700	\$ 707,700	\$ 355,000	\$ 275,881	\$ 630,881
2014	-	707,700	707,700	375,000	257,016	632,016
2015	-	707,700	707,700	395,000	237,116	632,116
2016	-	707,700	707,700	415,000	216,181	631,181
2017	-	707,700	707,700	435,000	194,216	629,216
2018-2022	-	3,538,500	3,538,500	2,555,000	597,901	3,152,901
2023-2027	2,320,000	3,334,801	5,654,801	985,000	45,612	1,030,612
2028-2032	4,285,000	2,390,720	6,675,720	-	-	-
2033-2037	5,575,000	1,103,945	6,678,945	-	-	-
2038	1,300,000	34,125	1,334,125	-	-	-
	<u>\$ 13,480,000</u>	<u>\$ 13,940,591</u>	<u>\$ 27,420,591</u>	<u>\$ 5,515,000</u>	<u>\$ 1,823,923</u>	<u>\$ 7,338,923</u>

IV. Detailed notes on all activities and funds (Continued)

D. Long-term obligations (Continued)

8. Prior year defeasance of debt

In prior years, the county defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2012, all of the defeased bonds had been retired.

9. SEC Rule 15c2-12

Jackson County is required to file material events notices to a nationally recognized municipal securities information repository. Management believes there are no material events requiring filing as of the date of this report. Annual disclosure information is provided in the statistical section of this report.

10. Contract payable

The County is leasing land at the airport to a truck center. As part of the operating lease, the County has agreed to reimburse the lessee for \$200,000 in improvements. The reimbursement is payable in monthly installments of \$833 over a twenty-year period. Future amounts due are as follows:

Year Ending June 30	Total
2013	\$ 10,000
2014	10,000
2015	10,000
2016	10,000
2017	10,000
2018-2022	48,334
	<u>\$ 98,334</u>

Subsequent to the end of the fiscal year, the county executed a supplemental agreement to the ground lease. Oregon Department of Transportation (ODOT) has declared the need to acquire the property for a bypass project. The sale to ODOT, if completed, will include funding for compensation to the truck center.

IV. Detailed notes on all activities and funds (Continued)

E. Pension plans

1. Oregon Public Employees Retirement System (OPERS)

Plan description: The County participates in OPERS, a cost-sharing multiple-employer defined benefit retirement plan, established under Oregon Revised Statutes 238.600, which acts as a common investment and administrative agent for public employers in the State of Oregon. OPERS provides retirement, death and disability benefits to participants and their beneficiaries. All County employees are eligible to participate in OPERS in accordance with OPERS statutes. Benefits are established by state statute, and employer contributions are made at an actuarially determined rate as adopted by the Public Employees Retirement Board. OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700 or by calling (503) 598-7377.

Funding policy: The County is required to contribute to the system at an actuarially determined rate. The current rate is 11.33% of annual covered payroll for general service member employees of the State and Local Government Rate Pool, 19.00% for PERS police and fire member employees, 9.76% for general service member employees of the Oregon Public Service Retirement Plan (OPSRP) and 12.47% for police and fire member employees of the OPSRP. State statutes require covered employees to contribute 6% of their annual covered salary to the system but allow the employer to pay any or all of the employees' contribution in addition to the required employers' contribution. The County currently pays for certain employees' contributions.

Annual pension cost: For the fiscal years ended June 30, 2012, 2011 and 2010, the County's annual pension cost contributed was \$8,553,277, \$6,369,849, and \$6,394,505, respectively, and were equal to 100% of the required contributions for each year.

2. Single employer plans #1, #3 and #5

Plan description, funding policy and annual pension cost: The County has maintained five single employer (sole agent) defined benefit plans which provide retirement, death and disability benefits to participants or their beneficiaries. During the 1992-1993 fiscal year, the County's employees participating in pension plans #1, #3 and #5 (management, non-management general employees and members of the Jackson County Sheriff employees association) voted to convert their current pension plans to OPERS. Enrollment was made retroactive as though each employee enrolled in OPERS on the date of hire. Since these plans have been integrated with OPERS, the County is no longer required to make contributions to these plans, as the contributions to these plans are now a part of the overall OPERS contribution. As of June 30, 2000, all transferable plan assets for plans #1, #3 and #5 were transferred to OPERS.

IV. Detailed notes on all activities and funds (Continued)

E. Pension plans (Continued)

3. Single employer plans #2 and #4

Plan description: Plans #2 and #4 (Sheriff's deputies and corrections officers, and Sheriff's management and confidential employees, respectively) of the County's single employer (sole agent) defined benefit pension plans have transferred agreed-upon assets to OPERS. At the time of conversion, 41 employees elected to remain in Plan #2 and 14 elected to remain in Plan #4. All new employees that would have historically been eligible to participate in these plans are being enrolled as members of OPERS. Benefits are established by ORS 237.620(4), which states that the County must maintain pension plans for Police and Fire Department employees. Employer contributions are actuarially determined by Standard Life Insurance Company, which maintains the pension plans' assets.

Funding policy: The contribution requirements of plan members and the County are established in contracts between the County and the Sheriff's Office. Members of Plans #2 and #4 are required to contribute 6% of their monthly salary, based on pre-tax dollars. The County contributes whatever amount is required in addition to accumulated employee contributions to pay for the cost of the plan. Currently, (January 1, 2012 valuation), the actuarially determined rates are 307.6% (3 active participants) and 206.2% (1 active participant) of covered payroll for Plans #2 and #4, assuming 6 and 5-year amortization periods, respectively.

Annual pension cost and net pension obligation: The County's annual pension cost and net pension obligation related to pension Plans #2 and #4 for the plan year ended December 31, 2011 is as follows:

	Plan #2	Plan #4
Annual required contribution	\$ 697,965	\$ 162,129
Interest on net pension obligation	88,976	(25,907)
Adjustment to annual required contribution	<u>(252,744)</u>	<u>85,380</u>
Annual pension cost	534,197	221,602
Contributions made by December 31, 2011	<u>808,320</u>	<u>301,507</u>
Increase (decrease) in net pension obligation	\$ (274,123)	\$ (79,905)
Net pension obligation, January 1, 2011	<u>1,186,343</u>	<u>(345,440)</u>
Net pension obligation, December 31, 2011	<u>\$ 912,220</u>	<u>\$ (425,345)</u>
Financial Statement Liability:		
Net pension obligation/(asset), June 30, 2012	<u>\$ 412,821</u>	<u>\$ (583,917)</u>

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

E. Pension plans (Continued)

The County's annual pension cost, percentage of annual pension cost and net pension obligation for the current year and each of the two preceding years were as follows:

	Plan Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Plan #2	December 31, 2011	\$ 534,197	151.3%	\$ 912,220
	December 31, 2010	692,517	104.9%	1,186,343
	December 31, 2009	1,103,904	68.2%	1,220,549
Plan #4	December 31, 2011	\$ 221,602	136.1%	\$ (425,345)
	December 31, 2010	336,964	113.4%	(345,440)
	December 31, 2009	565,183	70.2%	(300,438)

As of January 1, 2012, Plans #2 and #4 have 3 and 1 active employees, respectively. Below is a schedule of employer contributions for the current year and each of the two preceding years:

	Plan Year Ended	Annual Required Contribution	Percent Contributed
Plan #2	December 31, 2011	\$ 697,965	115.8%
	December 31, 2010	861,007	84.4%
	December 31, 2009	1,223,879	61.5%
Plan #4	December 31, 2011	\$ 162,129	186.0%
	December 31, 2010	285,239	133.9%
	December 31, 2009	484,440	81.9%

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

E. Pension plans (Continued)

Funded status and funding progress: As of January 1, 2012, the most recent actuarial valuation date, the funded status of Plan #2 and #4 were as follows:

	<u>Plan #2</u>	<u>Plan #4</u>
Actual accrued liability	\$ 14,637,839	\$ 6,239,035
Actuarial value of plan assets	<u>11,236,948</u>	<u>5,467,601</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,400,891</u>	<u>\$ 771,434</u>
Funded ratio (actuarial value of plan assets/AAL)	76.8%	87.6%
Covered payroll (annual payroll of activity employees covered by the plan)	\$ 246,682	\$ 101,855
UAAL as a percentage of covered payroll	1378.7%	757.4%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions: The annual required contribution for the current year was actuarially determined as part of a January 1, 2011 actuarial valuation using the entry age actuarial cost method. On January 1, 2011, the actuarial value of assets was equal to the balance in the deposit administration fund with interest accrued to the end of the previous calendar quarter, increased by the amount of any accrued or assumed contributions and decreased by the amount of any accrued expenses. The actuarial assumptions include projected salary increases of 4% per year and a return on investment and inflation rate of 7.5%. The unfunded actuarially accrued liability is being amortized as a level percentage of projected payroll expenses on an open basis over a 4-year period for Plan #2 and a 3-year period for Plan #4.

F. Other postemployment benefit (OPEB) obligations

Plan description: The County maintains a single-employer defined benefit postemployment health care benefits plan. The Jackson County Health Benefit Retiree Program allows eligible retirees and their dependents to purchase continuation coverage under the County's health insurance plans from the date of retirement until eligibility for Medicare. There is no separate, audited GAAP-basis postemployment benefit plan report available for this plan.

IV. Detailed notes on all activities and funds (Continued)

F. Other postemployment benefit (OPEB) obligations (Continued)

Funding policy: The eligible retirees and their dependents pay the cost of the health insurance at COBRA rates. The County is responsible for an implicit rate subsidy that is the difference between the rate charged to retirees and the estimated rate that would be applicable to those retirees if the benefit was acquired for them as a separate group. There is no obligation on the part of the County to fund these benefits in advance. Funding is on a pay-as-you-go basis. The County made \$195,518 in contributions to the plan for payment of benefits in fiscal year ending June 30, 2012.

Annual OPEB cost and net OPEB obligation: The County's annual pension cost and net pension obligation to the plan for the year ended June 30, 2012 are as follows:

Annual required contribution	\$ 501,358
Interest on net OPEB obligation	43,920
Adjustment to annual required contribution	<u>(50,875)</u>
Annual OPEB cost	494,493
Contribution made	<u>(195,518)</u>
Increase in net OPEB obligation	298,975
Net OPEB obligation - July 1, 2011	<u>1,254,855</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 1,553,830</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 494,493	39.5%	\$ 1,553,830
2011	484,409	40.5%	1,254,855
2010	767,416	38.7%	966,724

IV. Detailed notes on all activities and funds (Continued)

F. Other postemployment benefit (OPEB) obligations (Continued)

Funded status and funding progress: As of July 1, 2010, the actuarial accrued liability for benefits was \$4,542,225 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,542,225. The covered payroll (annual payroll of active employees covered by the plan) was \$42,108,740 and the ratio of the UAAL to the covered payroll was 10.79%. The UAAL is amortized over an open 30 year period.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation conducted as of July 1, 2010, the entry age normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level basis over the service of the active employee between assumed entry age and assumed exit age. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 3.5%, and (b) annual health care cost trend and inflation rate of 7%. The assumed rate of increase slows with time, stabilizing at 5%.

IV. Detailed notes on all activities and funds (Continued)

G. Construction and other commitments

Construction commitments. The County has one active construction project as of June 30, 2012. The project is a road improvement project financed by federal intergovernmental funds within the General Road Fund. At year-end the government's capital construction commitments are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Kirtland Road realignment	\$ 1,083,204	\$ 950,106

Encumbrances. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is employed in all budgeted funds during the year for administrative control purposes only. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and are included in restricted, committed, or assigned fund balances.

Encumbered amounts at June 30, 2012 include:

General Road Fund	\$ 4,797,245
Health and Human Services Fund	152,537
Special Revenue Fund	112,954
Other Governmental Funds	107,817
Total Encumbrances	<u>\$ 5,170,553</u>

H. Self-insurance

The County has established a department within the Internal Service Fund to account for and finance its risks of loss. The County is self-insured for unemployment compensation, workers' compensation, most general liability, auto liability, police professional liability, municipal liability exposures and manager's health benefits. The County carries an excess general and auto liability policy which is subject to a \$1,000,000 self-insured retention with a \$10,000,000 per occurrence/aggregate. The County carries an Excess Workers' Compensation policy which is subject to a \$650,000 self-insured retention and Statutory limits for Workers' Compensation claims, plus a \$1,000,000 limit for Employers Liability claims. The County purchases insurance for the airport and several miscellaneous liability exposures. The County experienced no claim losses in excess of coverage obtained during fiscal years 2010 through 2012.

Claims liabilities reported in the County's general purpose financial statements are based on an actuarial estimate of the ultimate cost of settling claims incurred, including incurred but not reported (IBNR) claims as of the balance sheet date. Claims liabilities include all incremental costs incurred directly as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense has been reduced by amounts recovered, or expected to be recovered through excess insurance.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

H. Self-insurance (Continued)

At June 30, 2012, a total claims liability of \$4,298,474 is reported. All prior and current-year claims are fully reserved and have not been discounted. The County does not utilize annuity contracts from commercial insurers. Therefore, during this reporting period, all known liabilities have been disclosed. Changes in the claims liability for the last two fiscal years are as follows:

Year Ended June 30	Balance at Beginning of Year	Current-Year Claims and Change Estimates	Claim Payments	Balance at End of Year
2012	\$ 4,088,784	\$ 5,505,137	\$ 5,295,447	\$ 4,298,474
2011	\$ 4,087,180	\$ 4,687,435	\$ 4,685,831	\$ 4,088,784

I. Municipal solid waste landfill

There are currently four landfills in Jackson County. Of these four, only one is in operation (Dry Creek Landfill). It is located on private property and is operated by Rogue Waste Systems. There are two closed landfills that are in postclosure care (Valley View and South Stage). Landfill owners are responsible for the closure and postclosure care costs associated with the landfills. Jackson County monitors the owners to ensure they are meeting regulatory requirements and are adequately funding the closure and post-closure care costs associated with the landfills. Jackson County has not recorded a liability related to these landfills as of June 30, 2012 and does not anticipate any future obligations as the owners have maintained adequate funding of postclosure care requirements and have met regulatory requirements.

Located on Forest Service land, the fourth landfill (Prospect) is operated by Jackson County. The landfill has not accepted waste since October 9, 1993 and therefore, does not qualify for regulation under the U.S. Environmental Protection Agency rule "Solid Waste Facility Criteria" issued October 9, 1991. The Oregon Department of Environmental Quality requires necessary financial assurance be provided to ensure appropriate postclosure care. The County is working with the U.S. Forest Service towards obtaining termination of Solid Waste Permit (number 0223). For fiscal year ending June 30, 2012 the County provided \$150 in postclosure care for the Prospect Landfill. The County may incur additional post closure costs in the future, but those costs are undeterminable.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

J. Fund balances/net assets

Fund Balances, Governmental funds: On the Balance Sheet – Governmental Funds, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances by classification at June 30, 2012 were as follows:

	General Fund	General Road Fund	Health and Human Services Fund	Special Revenue Fund	Other Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 1,872,609	\$ -	\$ -	\$ -
Paid expenses	20,997	997	135,949	-	-
Long - Term Notes Receivable	615,453	-	-	-	-
Permanent Funds - Library	10,000	-	-	-	-
O & C Reserves	473,454	-	-	-	-
Restricted for:					
Sheriff Programs	433,865	-	-	-	-
Road Maintenance Projects	-	12,738,114	-	-	-
Surveyor Cornerstone Preservation	-	-	-	945,826	-
Firewise Communities, Search, Rescue and Emergency Services on Federal Land, or Community Wildlife Protection Plans	-	-	-	2,389,212	-
Public Health Programs	-	-	590,000	-	-
Mental Health Programs	-	-	9,990,000	-	-
Other Health Programs	-	-	5,097,388	-	-
Animal Shelter	-	-	1,600,000	-	-
Law Enforcement in White City	-	-	-	-	752,784
Debt Service	-	-	-	-	6,727,689
Street Improvements	-	-	-	-	1,305,758
White City Capital Projects	-	-	-	-	1,963,335
Other Capital Projects	-	-	-	-	512,841
Other Purposes	190,973	-	-	1,196,207	-
Assigned to:					
Capital Projects	7,065,166	-	-	-	9,686,850
PERS Unfunded Liability	569,678	-	-	-	-
Budgeted 12-13 to cover revenue shortfall	4,855,343	-	-	-	-
Waste Disposal Costs	-	-	-	2,363,812	-
Other Purposes	1,000,000	-	-	-	-
Unassigned:	34,231,274	-	-	-	-
Total Fund Balances	<u>\$ 49,466,203</u>	<u>\$ 14,611,720</u>	<u>\$ 17,413,337</u>	<u>\$ 6,895,057</u>	<u>\$ 20,949,257</u>

JACKSON COUNTY, OREGON**Notes to Financial Statements****June 30, 2012****IV. Detailed notes on all activities and funds (Continued)****J. Fund balances/net assets (Continued)**

The County maintains minimum unassigned fund balance sufficient to meet cash requirement until Federal receipts and property tax payments are received, generally three months estimated expenses. The amount of fund balance maintained for this purpose is \$9,769,252. The General Fund unassigned fund balance also includes \$19,758,167 of "rainy day" funds. The rainy day funds can be spent by appropriation in future budgets.

Net assets: The government-wide Statement of Net Assets reports \$49,011,137 of restricted net assets, of which \$48,599,896 is restricted by enabling legislation.

K. Due from/to other funds

The following is a listing of interfund receivables and payables by fund at June 30, 2012:

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds		
General Fund	\$ 3,746,523	\$ 375,594
General Road Fund	272,795	348,530
Health and Human Services Fund	334,990	876,333
Special Revenue Fund	78,773	1,229,849
Other Governmental Funds	160,650	344,292
	<u>4,593,731</u>	<u>3,174,598</u>
Proprietary Funds		
Exposition Park Enterprise Fund	776	190,484
Airport Enterprise Fund	550,224	1,359,166
Recreation Enterprise Fund	73,723	42,611
Internal Service Fund	629,112	1,080,707
	<u>1,253,835</u>	<u>2,672,968</u>
Totals - all funds	<u>\$ 5,847,566</u>	<u>\$ 5,847,566</u>

All interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. These amounts also include a working capital loan made to the exposition park which the general fund expects to collect in the subsequent year.

JACKSON COUNTY, OREGON
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all activities and funds (Continued)

L. Interfund transfers

Transfers for the year ended June 30, 2012 are summarized as follows:

<u>Transfer From</u>	<u>Transfer To</u> <u>Governmental Funds</u>				
	<u>General</u>	<u>General Road</u>	<u>Health and Human Services</u>	<u>Special Revenue</u>	<u>Nonmajor</u>
Governmental Funds:					
General	\$ -	\$280,515	\$3,053,369	\$ 13,083	\$19,824,502
Special Revenue	1,387,444	-	126,334	-	-
Nonmajor	-	600,000	-	-	-
Proprietary Funds:					
Internal Service	21,545	-	-	-	-
Total	<u>\$ 1,408,989</u>	<u>\$880,515</u>	<u>\$ 3,179,703</u>	<u>\$ 13,083</u>	<u>\$19,824,502</u>

<u>Transfer From</u>	<u>Transfer To</u> <u>Proprietary Funds</u>				
	<u>Exposition Park Enterprise</u>	<u>Airport Enterprise</u>	<u>Recreation Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Governmental Funds:					
General	\$ 15,744	\$ 51,668	\$ 25,723	\$2,141,542	\$25,406,146
Special Revenue	4,588	-	54,357	84,527	1,657,250
Nonmajor	170,000	-	9,309	-	779,309
Proprietary Funds:					
Recreation	-	-	-	3,860	3,860
Internal Service	-	-	-	-	21,545
Total	<u>\$ 190,332</u>	<u>\$ 51,668</u>	<u>\$ 89,389</u>	<u>\$2,229,929</u>	<u>\$27,868,110</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

IV. Detailed notes on all activities and funds (Continued)

M. Contingencies

The County is party to various legal proceedings generally incidental to its business. Although the ultimate disposition of these proceedings is not presently determinable, management is vigorously defending the claims and does not believe that adverse determination in any or all of such proceedings will have a material adverse effect upon the financial condition of the County.

The County participates in various federal and state grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the county's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the county anticipates such amounts, if any, will be immaterial.

N. Related party

In March 2009, the County loaned the County Administrator \$654,000 for the purpose of refinancing his primary residence. The loan is payable in 360 monthly installments of \$2,922 or more, including interest at the rate of 3.46% per annum (the applicable federal rate at the time the loan was issued) on the unpaid balance. The first installment was paid April 2009 and the loan matures in March 2039. The loan is secured by a trust deed on the residence. The outstanding balance of the loan at June 30, 2012 was \$608,630 and is included in receivables on the statement of net assets.

Required Supplementary Information

Jackson County, Oregon
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Single Employer Pension Plans						
Plan #2						
1/1/2012	\$ 11,236,948	\$ 14,637,839	\$ 3,400,891	76.8%	\$ 246,682	1378.7%
1/1/2011	11,533,272	14,605,775	3,072,503	79.0%	306,913	1001.1%
1/1/2010	10,503,044	14,291,953	3,788,909	73.5%	278,614	1359.9%
1/1/2009	8,983,022	14,480,997	5,497,975	62.0%	294,597	1866.3%
1/1/2008	11,631,393	14,176,061	2,544,668	82.0%	361,719	703.5%
1/1/2007	11,062,207	13,468,670	2,406,463	82.1%	601,168	400.3%
1/1/2006	9,984,077	12,863,057	2,878,980	77.6%	607,234	474.1%
1/1/2005	9,014,238	12,394,560	3,380,322	72.7%	610,997	553.2%
1/1/2004	7,899,814	12,420,572	4,520,758	63.6%	744,563	607.2%
1/1/2003	5,972,268	11,640,824	5,668,556	51.3%	952,972	594.8%
Plan #4						
1/1/2012	\$ 5,467,601	\$ 6,239,035	\$ 771,434	87.6%	\$ 101,855	757.4%
1/1/2011	5,660,531	6,271,444	610,913	90.3%	225,685	270.7%
1/1/2010	5,079,388	6,185,998	1,106,610	82.1%	199,875	553.7%
1/1/2009	4,286,443	6,195,453	1,909,010	69.2%	230,407	828.5%
1/1/2008	5,338,893	6,089,376	750,483	87.7%	194,486	385.9%
1/1/2007	5,008,557	6,013,129	1,004,572	83.3%	187,364	536.2%
1/1/2006	4,449,440	5,655,368	1,205,928	78.7%	239,976	502.5%
1/1/2005	3,938,633	5,773,818	1,835,185	68.2%	311,717	588.7%
1/1/2004	3,374,435	5,699,204	2,324,769	59.2%	307,704	755.5%
1/1/2003	2,640,392	5,882,061	3,241,669	44.9%	594,240	545.5%
Postemployment Health Care Benefits Plan						
7/1/2010	\$ -	\$ 4,542,225	\$ 4,542,225	0.0%	\$ 42,108,740	10.8%
7/1/2008	-	6,473,019	6,473,019	0.0%	40,533,000	16.0%

For the postemployment health care benefits plan, the July 1, 2008 actuarial valuation is the first year this information was available. The County receives an actuarial valuation every two years. The decrease in the actuarial accrued liability is due primarily to a change in the assumed health care cost trend rate and updated Oregon PERS retirement rates.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Enhanced Law Enforcement District Fund – The District was created June 14, 1995 under authority of Oregon Revised Statute Chapter 451 by the Jackson County Board of Commissioners. Revenues consist primarily of a property tax levy.

Capital Projects Funds – These funds were established to account for financial resources to be used for the acquisition or construction of major capital improvements not being financed by proprietary funds. Principal resources are intergovernmental, charges for services, sale of bonds, interest and operating transfers. These funds include **Capital Projects, White City Capital, White City Development and White City Lighting District.**

Debt Service Funds – These funds were established to account for the payment of principal and interest on the County's general obligation bonds. The principal source of funding is property taxes. These funds include **Library Debt Service, Juvenile Debt Service and Urban Renewal Agency Debt Service.**

Jackson County, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Fund	Capital Projects			
	Enhanced Law Enforcement District	Capital Projects	White City Capital	White City Development	White City Lighting District
ASSETS					
Cash and investments	\$ 798,269	\$ 11,969,345	\$ 1,215,844	\$ 34,792	\$ 716,882
Receivables (net of allowance for uncollectibles)					
Property taxes	98,895	-	-	-	22,765
Assessments	-	29,207	-	-	-
Due from other funds	17,182	46,371	10,626	307	4,895
Total assets	<u>\$ 914,346</u>	<u>\$ 12,044,923</u>	<u>\$ 1,226,470</u>	<u>\$ 35,099</u>	<u>\$ 744,542</u>
LIABILITIES					
Accounts payable	\$ -	\$ 4,075	\$ -	\$ -	\$ 3,849
Due to other funds	80,392	220,466	-	10	20,273
Deferred revenue	81,170	29,207	-	-	18,644
Retainages and other liabilities	-	285,726	-	-	-
Total liabilities	<u>161,562</u>	<u>539,474</u>	<u>-</u>	<u>10</u>	<u>42,766</u>
FUND BALANCES					
Restricted	752,784	1,818,599	1,226,470	35,089	701,776
Assigned	-	9,686,850	-	-	-
Total fund balances	<u>752,784</u>	<u>11,505,449</u>	<u>1,226,470</u>	<u>35,089</u>	<u>701,776</u>
Total liabilities and fund balances	<u>\$ 914,346</u>	<u>\$ 12,044,923</u>	<u>\$ 1,226,470</u>	<u>\$ 35,099</u>	<u>\$ 744,542</u>

Jackson County, Oregon
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

Library Debt Service	Debt Service Funds		Total Nonmajor Governmental Funds
	Juvenile Debt Service	Urban Renewal Agency Debt Service	
\$ 697,368	\$ 97,053	\$ 5,830,038	\$ 21,359,591
611,055	-	65,064	797,779
-	-	-	29,207
37,883	793	42,593	160,650
<u>\$ 1,346,306</u>	<u>\$ 97,846</u>	<u>\$ 5,937,695</u>	<u>\$ 22,347,227</u>
\$ -	\$ -	\$ -	\$ 7,924
23,151	-	-	344,292
565,110	-	47,897	742,028
18,000	-	-	303,726
<u>606,261</u>	<u>-</u>	<u>47,897</u>	<u>1,397,970</u>
740,045	97,846	5,889,798	11,262,407
-	-	-	9,686,850
<u>740,045</u>	<u>97,846</u>	<u>5,889,798</u>	<u>20,949,257</u>
<u>\$ 1,346,306</u>	<u>\$ 97,846</u>	<u>\$ 5,937,695</u>	<u>\$ 22,347,227</u>

Jackson County, Oregon**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds****For the fiscal year ended June 30, 2012**

	Special Revenue Fund	Capital Projects			
	Enhanced Law Enforcement District	Capital Projects	White City Capital	White City Development	White City Lighting District
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 257,445	\$ -	\$ -
Charges for services	-	1,135,465	-	-	-
Taxes	1,306,201	-	-	-	304,604
Interest	16,493	98,409	34,681	899	12,517
Miscellaneous	-	11,672	-	-	-
Total revenues	1,322,694	1,245,546	292,126	899	317,121
EXPENDITURES					
Current:					
General Government	-	144,744	-	-	-
Community Justice & Safety	1,315,606	-	-	-	-
Culture & Recreation	-	-	-	-	-
Planning, Development & Natural Resources	-	-	345,024	29,298	152,817
Transportation	-	602,960	-	-	-
Debt service:					
Principal	-	123,485	-	-	-
Interest	-	43,435	-	-	-
Capital outlay:					
General Government	-	10,332,653	-	-	-
Planning, Development & Natural Resources	-	-	2,396,580	-	58,252
Transportation	-	1,027,821	-	-	-
Total expenditures	1,315,606	12,275,098	2,741,604	29,298	211,069
Excess (deficiency) of revenues over expenditures	7,088	(11,029,552)	(2,449,478)	(28,399)	106,052
OTHER FINANCING SOURCES (USES)					
Transfers in	-	19,824,502	-	-	-
Transfers out	-	(779,309)	-	-	-
Total other financing sources (uses)	-	19,045,193	-	-	-
Net change in fund balances	7,088	8,015,641	(2,449,478)	(28,399)	106,052
Fund balances - beginning	745,696	3,489,808	3,675,948	63,488	595,724
Fund balances - ending	\$ 752,784	\$ 11,505,449	\$ 1,226,470	\$ 35,089	\$ 701,776

Jackson County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2012

Library Debt Service	Debt Service Funds		Total Nonmajor Governmental Funds
	Juvenile Debt Service	Urban Renewal Agency Debt Service	
\$ -	\$ -	\$ -	\$ 257,445
-	-	-	1,135,465
2,976,625	-	107,227	4,694,657
31,320	-	103,403	297,722
-	-	-	11,672
<u>3,007,945</u>	<u>-</u>	<u>210,630</u>	<u>6,396,961</u>
-	-	-	144,744
-	-	-	1,315,606
4,153	-	-	4,153
-	-	-	527,139
-	-	-	602,960
2,165,000	-	785,000	3,073,485
877,065	-	143,827	1,064,327
-	-	-	10,332,653
-	-	-	2,454,832
-	-	-	1,027,821
<u>3,046,218</u>	<u>-</u>	<u>928,827</u>	<u>20,547,720</u>
<u>(38,273)</u>	<u>-</u>	<u>(718,197)</u>	<u>(14,150,759)</u>
-	-	-	19,824,502
-	-	-	(779,309)
-	-	-	19,045,193
(38,273)	-	(718,197)	4,894,434
778,318	97,846	6,607,995	16,054,823
<u>\$ 740,045</u>	<u>\$ 97,846</u>	<u>\$ 5,889,798</u>	<u>\$ 20,949,257</u>

Jackson County, Oregon
Enhanced Law Enforcement District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 1,325,700	\$ 1,325,700	\$ 1,306,201	\$ (19,499)
Interest	10,000	10,000	16,493	6,493
Total revenues	1,335,700	1,335,700	1,322,694	(13,006)
EXPENDITURES				
Community Justice & Safety:				
Personal services	-	933,680	883,436	50,244
Materials and services	1,925,700	567,020	432,170	134,850
Other requirements	-	100,000	-	100,000
Total expenditures	1,925,700	1,600,700	1,315,606	285,094
Net change in fund balances	(590,000)	(265,000)	7,088	272,088
Fund balances - beginning	590,000	590,000	745,696	155,696
Fund balances - ending	\$ -	\$ 325,000	\$ 752,784	\$ 427,784

Jackson County, Oregon
Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Revised		
REVENUES				
Charges for services	\$ 540,000	\$ 545,000	\$ 1,135,465	\$ 590,465
Interest	96,786	96,786	98,409	1,623
Miscellaneous	-	-	11,672	11,672
Total revenues	636,786	641,786	1,245,546	603,760
EXPENDITURES				
General Government				
Capital Projects:				
Materials and services	200,000	200,000	144,744	55,256
Capital outlay	20,201,943	20,031,943	10,332,653	9,699,290
Total General Government	20,401,943	20,231,943	10,477,397	9,754,546
Culture & Recreation				
Parks System Development:				
Materials and services	119,500	119,500	-	119,500
Transportation				
Street Improvement:				
Materials and services	1,015,000	998,000	9,153	988,847
Debt service	150,000	167,000	166,920	80
Total Street Improvement	1,165,000	1,165,000	176,073	988,927
Greenway:				
Materials and services	1,100	14,571	-	14,571
Capital outlay	-	4,000	3,010	990
Total Greenway	1,100	18,571	3,010	15,561
Roads System Development:				
Materials and services	49,000	54,000	49,000	5,000
Bridge Replacement:				
Materials and services	228,000	544,807	544,807	-
Capital outlay	1,350,000	1,033,193	1,024,811	8,382
Total Bridge Replacement	1,578,000	1,578,000	1,569,618	8,382
Total Transportation	2,793,100	2,815,571	1,797,701	1,017,870
Total expenditures	23,314,543	23,167,014	12,275,098	10,891,916
Excess (deficiency) of revenues over (under) expenditures	(22,677,757)	(22,525,228)	(11,029,552)	11,495,676
OTHER FINANCING SOURCES (USES)				
Transfers in	19,872,814	19,872,814	19,824,502	(48,312)
Transfers out	(635,000)	(805,000)	(779,309)	25,691
Total other financing sources and uses	19,237,814	19,067,814	19,045,193	(22,621)
Net change in fund balances	(3,439,943)	(3,457,414)	8,015,641	11,473,055
Fund balances - beginning	3,439,943	3,457,414	3,489,808	32,394
Fund balances - ending	\$ -	\$ -	\$ 11,505,449	\$ 11,505,449

Jackson County, Oregon
White City Capital Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Revised	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 257,445	\$ 257,445
Interest	49,348	49,348	34,681	(14,667)
Total revenues	49,348	49,348	292,126	242,778
EXPENDITURES				
Planning, Development & Natural Resources:				
Materials and services	1,125,000	1,125,000	345,024	779,976
Capital outlay	1,556,218	2,856,218	2,396,580	459,638
Total expenditures	2,681,218	3,981,218	2,741,604	1,239,614
Net change in fund balances	(2,631,870)	(3,931,870)	(2,449,478)	1,482,392
Fund balance - beginning	2,631,870	3,931,870	3,675,948	(255,922)
Fund balance - ending	\$ -	\$ -	\$ 1,226,470	\$ 1,226,470

Jackson County, Oregon
White City Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Revised	Amounts	Final Budget
REVENUES				
Interest	\$ 54	\$ 54	\$ 899	\$ 845
EXPENDITURES				
Planning, Development & Natural Resources:				
Personal services	-	5,000	3,678	1,322
Materials and services	29,174	60,000	25,620	34,380
Total expenditures	29,174	65,000	29,298	35,702
Net change in fund balances	(29,120)	(64,946)	(28,399)	36,547
Fund balances - beginning	29,120	64,946	63,488	(1,458)
Fund balances - ending	\$ -	\$ -	\$ 35,089	\$ 35,089

Jackson County, Oregon
White City Lighting District

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Revised	Amounts	Final Budget
REVENUES				
Taxes	\$ 309,604	\$ 309,604	\$ 304,604	\$ (5,000)
Interest	10,000	10,000	12,517	2,517
Total revenues	319,604	319,604	317,121	(2,483)
EXPENDITURES				
Planning, Development & Natural Resources:				
Materials and services	779,932	779,932	152,817	627,115
Capital outlay	120,900	120,900	58,252	62,648
Total expenditures	900,832	900,832	211,069	689,763
Net change in fund balances	(581,228)	(581,228)	106,052	687,280
Fund balance - beginning	581,228	581,228	595,724	14,496
Fund balance - ending	\$ -	\$ -	\$ 701,776	\$ 701,776

Jackson County, Oregon
Library Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,061,302	\$ 3,061,302	\$ 2,976,625	\$ (84,677)
Interest	21,563	21,563	31,320	9,757
Total revenues	<u>3,082,865</u>	<u>3,082,865</u>	<u>3,007,945</u>	<u>(74,920)</u>
EXPENDITURES				
Culture & Recreation:				
Library S-1				
Materials and services	-	-	4,153	(4,153)
Debt Service:				
Principal	1,065,000	1,065,000	1,065,000	-
Interest	<u>487,765</u>	<u>487,765</u>	<u>446,965</u>	<u>40,800</u>
Total Library S-1	<u>1,552,765</u>	<u>1,552,765</u>	<u>1,516,118</u>	<u>36,647</u>
Library S-2				
Debt Service:				
Principal	1,100,000	1,100,000	1,100,000	-
Interest	<u>430,100</u>	<u>430,100</u>	<u>430,100</u>	<u>-</u>
Total Library S-2	<u>1,530,100</u>	<u>1,530,100</u>	<u>1,530,100</u>	<u>-</u>
Total expenditures	<u>3,082,865</u>	<u>3,082,865</u>	<u>3,046,218</u>	<u>36,647</u>
Net change in fund balances	-	-	(38,273)	(38,273)
Fund balances - beginning	<u>737,345</u>	<u>737,345</u>	<u>778,318</u>	<u>40,973</u>
Fund balances - ending	<u>\$ 737,345</u>	<u>\$ 737,345</u>	<u>\$ 740,045</u>	<u>\$ 2,700</u>

Jackson County, Oregon
Juvenile Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balances - beginning	\$ -	\$ -	\$ 97,846	\$ 97,846
Fund balances - ending	\$ -	\$ -	\$ 97,846	\$ 97,846

Jackson County, Oregon
Urban Renewal Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
REVENUES				
Taxes	\$ 149,063	\$ 149,063	\$ 107,227	\$ (41,836)
Interest	130,015	130,015	103,403	(26,612)
Total revenues	<u>279,078</u>	<u>279,078</u>	<u>210,630</u>	<u>(68,448)</u>
EXPENDITURES				
Planning, Development & Natural Resources:				
Other requirements	4,550,858	4,550,858	-	4,550,858
Debt service:				
Principal	785,000	785,000	785,000	-
Interest	<u>143,828</u>	<u>143,828</u>	<u>143,827</u>	<u>1</u>
Total expenditures	<u>5,479,686</u>	<u>5,479,686</u>	<u>928,827</u>	<u>4,550,859</u>
Net change in fund balances	(5,200,608)	(5,200,608)	(718,197)	4,482,411
Fund balance - beginning	<u>5,200,608</u>	<u>5,200,608</u>	<u>6,607,995</u>	<u>1,407,387</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,889,798</u>	<u>\$ 5,889,798</u>

Enterprise Funds

These funds are used to account for the acquisition, operation and maintenance of County facilities which are predominately self-supporting through service charges and user fees to customers.

- Exposition Park Enterprise
- Airport Enterprise
- Recreation Enterprise

Jackson County, Oregon
Exposition Park Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 18,015	\$ 18,015	\$ 50,002	\$ 31,987
Charges for services	1,631,269	1,469,277	1,474,899	5,622
Taxes	8,008	-	-	-
Interest	-	-	2,091	2,091
Miscellaneous	220,350	220,350	232,400	12,050
Total revenues	1,877,642	1,707,642	1,759,392	51,750
EXPENDITURES				
Operations:				
Personal services	498,570	439,013	426,885	12,128
Materials and services	1,399,404	1,458,961	1,420,415	38,546
Total expenditures	1,897,974	1,897,974	1,847,300	50,674
Excess (deficiency) of revenues over (under) expenditures	(20,332)	(190,332)	(87,908)	102,424
OTHER FINANCING SOURCES (USES)				
Transfers in	20,332	190,332	190,332	-
Net change in fund balance	-	-	102,424	102,424
Fund balance - beginning	-	-	(239,621)	(239,621)
Fund balance - ending	\$ -	\$ -	\$ (137,197)	\$ (137,197)
Total from above:				
Revenues			\$ 1,759,392	
Expenditures			(1,847,300)	
Other financing sources (uses)			190,332	
			102,424	
Add:				
Gain on sale of fixed assets			43,437	
Capital contributions			204,775	
Less:				
Depreciation			(439,551)	
Change in net assets as reported in statement of revenues, expenses and changes in fund net assets			\$ (88,915)	

Jackson County, Oregon
Airport Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 7,279,164	\$ 7,279,164	\$ 3,663,406	\$ (3,615,758)
Charges for services and rentals	9,052,611	9,052,611	8,307,524	(745,087)
Fines and forfeitures	1,400	1,400	5,648	4,248
Interest	205,149	205,149	260,032	54,883
Miscellaneous	15,000	15,000	24,280	9,280
Total revenues	16,553,324	16,553,324	12,260,890	(4,292,434)
EXPENDITURES				
Operations:				
Personal services	2,755,372	2,755,372	2,178,089	577,283
Materials and services	3,860,279	3,860,279	2,895,751	964,528
Capital outlay	9,378,656	9,614,917	5,465,665	4,149,252
Other requirements	16,236,718	16,000,457	1,341,544	14,658,913
Total expenditures	32,231,025	32,231,025	11,881,049	20,349,976
Excess (deficiency) of revenues over (under) expenditures	(15,677,701)	(15,677,701)	379,841	16,057,542
OTHER FINANCING SOURCES (USES)				
Transfers in	51,668	51,668	51,668	-
Net change in fund balance	(15,626,033)	(15,626,033)	431,509	16,057,542
Fund balance - beginning	15,923,264	15,923,264	16,572,482	649,218
Fund balance - ending	\$ 297,231	\$ 297,231	\$ 17,003,991	\$ 16,706,760
Total from above:				
Revenues			\$ 12,260,890	
Expenditures			(11,881,049)	
Other financing sources (uses)			51,668	
			431,509	
Add:				
Expenditures capitalized			5,465,664	
Bonds payable principal payment			340,000	
Amortization of bond premium			41,378	
Contract payable payment			10,000	
Less:				
Depreciation			(4,577,386)	
Bond issuance expense			(44,552)	
Loss on disposal of assets			(192,818)	
Change in net assets as reported in statement of revenues, expenses and changes in fund net assets			\$ 1,473,796	

Jackson County, Oregon
Recreation Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 958,779	\$ 958,779	\$ 783,580	\$ (175,199)
Charges for services	827,500	827,500	823,076	(4,424)
Fines and forfeitures	-	-	155	155
Interest	17,000	17,000	13,918	(3,082)
Miscellaneous	5,000	5,000	2,984	(2,016)
Total revenues	1,808,279	1,808,279	1,623,713	(184,566)
EXPENDITURES				
Operations:				
Personal services	825,082	825,082	696,673	128,409
Materials and services	1,100,338	1,124,478	947,941	176,537
Capital outlay	175,000	147,000	87,832	59,168
Other requirements	381,457	381,457	-	381,457
Total expenditures	2,481,877	2,478,017	1,732,446	745,571
Excess (deficiency) of revenues over (under) expenditures	(673,598)	(669,738)	(108,733)	561,005
OTHER FINANCING SOURCES (USES)				
Transfers in	123,598	123,598	89,389	(34,209)
Transfers out	-	(3,860)	(3,860)	-
Total other financing sources (uses)	123,598	119,738	85,529	(34,209)
Net change in fund balance	(550,000)	(550,000)	(23,204)	526,796
Fund balance - beginning	550,000	550,000	835,491	285,491
Fund balance - ending	\$ -	\$ -	\$ 812,287	\$ 812,287
Total from above:				
Revenues			\$ 1,623,713	
Expenditures			(1,732,446)	
Other financing sources (uses)			85,529	
			(23,204)	
Add:				
Expenditures capitalized			87,832	
Capital contributions			110,808	
Less:				
Depreciation			(403,448)	
Book value of fixed assets sold			(131,727)	
Change in net assets as reported in statement of revenues, expenses and changes in fund net assets			\$ (359,739)	

Internal Service Fund

This fund is used to account for activities and services performed for other organizational units within the County on a cost reimbursement basis. Charges to other organizational units are made to support these activities. The Internal Service Fund includes Motor Pool, Computer Replacement, Self-Insurance and Central Services.

Jackson County, Oregon
Internal Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the fiscal year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 193,721	\$ 193,721	\$ 110,035	\$ (83,686)
Charges for services	19,687,419	19,761,461	18,889,193	(872,268)
Interest	205,722	205,722	328,496	122,774
Miscellaneous	4,330	4,330	5,184	854
Total revenues	20,091,192	20,165,234	19,332,908	(832,326)
EXPENDITURES				
Commissioners	722,230	722,230	653,751	68,479
Information Technology	4,952,450	5,002,450	4,502,001	500,449
Finance	853,766	853,766	819,240	34,526
County Counsel	866,169	866,169	671,852	194,317
County Administration	5,349,867	5,527,769	5,123,709	404,060
Fiduciary	2,730,601	2,573,376	65,377	2,507,999
Library	109,459	116,684	111,832	4,852
Motor Pool	2,815,721	3,421,328	2,263,845	1,157,483
Computer Replacement	759,122	759,122	216,438	542,684
Risk Management-General & Auto Liability	6,238,467	6,238,467	2,172,246	6,238,467
Self-Insurance Health Plan	7,430,534	7,430,534	4,065,119	7,430,534
Workers' Compensation	2,619,935	2,619,935	618,677	2,619,935
Total expenditures	35,448,321	36,131,830	21,284,087	21,703,785
Excess (deficiency) of revenues over (under) expenditures	(15,357,129)	(15,966,596)	(1,951,179)	20,871,459
OTHER FINANCING SOURCES (USES)				
Transfers in	2,256,069	2,259,929	2,229,929	(30,000)
Transfers out	-	(21,545)	(21,545)	-
Total other financing sources (uses)	2,256,069	2,238,384	2,208,384	(30,000)
Net change in fund balance	(13,101,060)	(13,728,212)	257,205	20,841,459
Fund balance - beginning	13,101,060	13,728,212	11,233,387	(2,494,825)
Fund balance - ending	\$ -	\$ -	\$ 11,490,592	\$ 18,346,634
Total from above:				
Revenues			\$ 19,332,908	
Expenditures			(21,284,087)	
Other financing sources (uses)			2,208,384	
			257,205	
Add:				
Expenditures capitalized			1,024,517	
Less:				
Depreciation			(1,106,604)	
Book value of capital assets sold			(64,712)	
Change in net assets as reported in statement of revenues, expenses and changes in fund net assets			\$ 110,406	

Fiduciary Fund Types

Trust and Agency Funds account for resources received and held by the County in a fiduciary capacity or as an agent for private organizations, other governments and other funds. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment. These include Pension Trust Funds and Agency Funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

PENSION TRUST FUNDS: (Nonbudgeted)

To account for County pension plans.

- Jackson County Employees' Retirement Plan #2
- Jackson County Employees' Retirement Plan #4

AGENCY FUNDS: (Nonbudgeted)

- **Clerk Recording** – For the receipt and disbursement of funds collected by the County Clerk on behalf of other agencies.
- **Jackson County Justice Court** – For the receipt and disbursement of court fines and fees paid to Jackson County and other agencies.
- **Forfeiture** - To account for receipt and disbursement of seized property, which is turned over to other agencies or retained by Jackson County.
- **Sheriff** - For the receipt and disbursement of bail payments which are turned over to the State courts.
- **Special Deposits** – Amounts on deposit with the County Treasurer, including unclaimed warrants, within parameters established by State law.
- **Property Tax Clearing** – Used for the depositing and distributing of all tax funds received by the County Tax Collector.

Jackson County, Oregon
Pension Trust Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	Jackson County Employees' Retirement Plan Trust Funds		Totals	
	Plan #2	Plan #4	2012	2011
ASSETS				
Cash	\$ 4,895,223	\$ 2,349,515	\$ 7,244,738	\$ 7,424,400
Mutual fund investments	7,167,901	3,437,989	10,605,890	10,944,922
Total assets	<u>\$ 12,063,124</u>	<u>\$ 5,787,504</u>	<u>\$ 17,850,628</u>	<u>\$ 18,369,322</u>
NET ASSETS				
Held in trust for employees' pension benefits	<u>\$ 12,063,124</u>	<u>\$ 5,787,504</u>	<u>\$ 17,850,628</u>	<u>\$ 18,369,322</u>

Jackson County, Oregon
Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the fiscal year ended June 30, 2012

	Jackson County Employees' Retirement Plan Trust Funds		Totals	
	Plan #2	Plan #4	2012	2011
ADDITIONS				
Contributions - employer	\$ 829,131	\$ 310,507	\$ 1,139,638	\$ 1,140,720
Investment earnings	-	-	-	3,172,039
Total additions	829,131	310,507	1,139,638	4,312,759
DEDUCTIONS				
Benefits	1,111,444	510,575	1,622,019	1,479,854
Investment loss	9,378	10,161	19,539	-
Administrative expense	9,207	7,567	16,774	11,306
Total deductions	1,130,029	528,303	1,658,332	1,491,160
Change in net assets	(300,898)	(217,796)	(518,694)	2,821,599
Net assets - beginning	12,364,022	6,005,300	18,369,322	15,547,723
Net assets - ending	\$ 12,063,124	\$ 5,787,504	\$ 17,850,628	\$ 18,369,322

Jackson County, Oregon
Agency Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	Clerk Recording	Jackson County Justice Court	Forfeiture	Sheriff	Special Deposits	Property Tax Clearing	Totals	
							2012	2011
ASSETS								
Cash and investments:	\$ 4,775	\$ 184,737	\$ 92,279	\$ 3,575	\$ 11,067	\$ 3,045,162	\$ 3,341,595	\$ 3,867,889
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	15,091,980	15,091,980	15,341,833
Total assets	<u>\$ 4,775</u>	<u>\$ 184,737</u>	<u>\$ 92,279</u>	<u>\$ 3,575</u>	<u>\$ 11,067</u>	<u>\$ 18,137,142</u>	<u>\$ 18,433,575</u>	<u>\$ 19,209,722</u>
LIABILITIES								
Accounts payable	\$ 4,625	\$ 164,568	\$ -	\$ -	\$ -	\$ -	\$ 169,193	\$ 88,895
Amounts held in trust	150	20,169	92,279	3,575	11,067	18,137,142	18,264,382	19,120,827
Total liabilities	<u>\$ 4,775</u>	<u>\$ 184,737</u>	<u>\$ 92,279</u>	<u>\$ 3,575</u>	<u>\$ 11,067</u>	<u>\$ 18,137,142</u>	<u>\$ 18,433,575</u>	<u>\$ 19,209,722</u>

Jackson County, Oregon
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2012

	Balances June 30, 2011	Additions	Deletions	Balances June 30, 2012
Clerk Recording:				
Assets:				
Cash and investments	\$ 4,300	\$ 32,438	\$ 31,963	\$ 4,775
Liabilities:				
Accounts payable	\$ 4,150	\$ 28,200	\$ 27,725	\$ 4,625
Amounts held in trust	150	32,438	32,438	150
Total liabilities	\$ 4,300	\$ 60,638	\$ 60,163	\$ 4,775
Jackson County Justice Court:				
Assets:				
Cash and investments	\$ 92,031	\$ 2,838,013	\$ 2,745,307	\$ 184,737
Receivables (net of allowance for uncollectibles)	-	1,596	1,596	-
Total assets	\$ 92,031	\$ 2,839,609	\$ 2,746,903	\$ 184,737
Liabilities:				
Accounts payable	\$ 84,745	\$ 682,216	\$ 602,393	\$ 164,568
Amounts held in trust	7,286	2,434,761	2,421,878	20,169
Total liabilities	\$ 92,031	\$ 3,116,977	\$ 3,024,271	\$ 184,737
Forfeiture:				
Assets:				
Cash and investments	\$ 90,866	\$ 2,826	\$ 1,413	\$ 92,279
Liabilities:				
Amounts held in trust	\$ 90,866	\$ 1,413	\$ -	\$ 92,279
Sheriff Deposits:				
Assets:				
Cash and investments	\$ 2,435	\$ 103,409	\$ 102,269	\$ 3,575
Receivables (net of allowance for uncollectibles)	-	4,286	4,286	-
Total assets	\$ 2,435	\$ 107,695	\$ 106,555	\$ 3,575
Liabilities:				
Accounts payable	\$ -	\$ 1,320	\$ 1,320	\$ -
Amounts held in trust	2,435	97,802	96,662	3,575
Total liabilities	\$ 2,435	\$ 99,122	\$ 97,982	\$ 3,575

(Continues)

Jackson County, Oregon
Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the fiscal year ended June 30, 2012

	Balances June 30, 2011	Additions	Deletions	Balances June 30, 2012
Special Deposits:				
Assets:				
Cash and investments	\$ 10,912	\$ 51,401	\$ 51,246	\$ 11,067
Liabilities:				
Accounts payable	\$ -	\$ 49,447	\$ 49,447	\$ -
Amounts held in trust	10,912	49,637	49,482	11,067
Total liabilities	\$ 10,912	\$ 99,084	\$ 98,929	\$ 11,067
Property Tax Clearing:				
Assets:				
Cash and investments	\$ 3,667,345	\$ 239,048,074	\$ 239,670,257	\$ 3,045,162
Receivables (net of allowance for uncollectibles)	15,341,833	-	249,853	15,091,980
Total assets	\$ 19,009,178	\$ 239,048,074	\$ 239,920,110	\$ 18,137,142
Liabilities:				
Accounts payable	\$ -	\$ 2,520,410	\$ 2,520,410	\$ -
Amounts held in trust	19,009,178	237,228,349	238,100,385	18,137,142
Total liabilities	\$ 19,009,178	\$ 239,748,759	\$ 240,620,795	\$ 18,137,142
Total all Agency Funds:				
Assets:				
Cash and investments	\$ 3,867,889	\$ 242,076,161	\$ 242,602,455	\$ 3,341,595
Receivables (net of allowance for uncollectibles)	15,341,833	5,882	255,735	15,091,980
Total assets	\$ 19,209,722	\$ 242,082,043	\$ 242,858,190	\$ 18,433,575
Liabilities:				
Accounts payable	\$ 88,895	\$ 3,281,593	\$ 3,201,295	\$ 169,193
Amounts held in trust	19,120,827	239,844,400	240,700,845	18,264,382
Total liabilities	\$ 19,209,722	\$ 243,125,993	\$ 243,902,140	\$ 18,433,575

Capital Assets Used in the Operation of Governmental Funds

Jackson County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Governmental funds capital assets:		
Land	\$ 18,618,530	\$ 18,296,676
Buildings	124,641,910	124,123,732
Improvements other than buildings	4,866,208	4,717,808
Equipment	18,513,639	17,830,490
Software	1,964,769	1,404,954
Infrastructure	207,756,243	196,079,888
Construction in progress	<u>10,814,674</u>	<u>17,978,437</u>
Total governmental funds capital assets	<u><u>\$ 387,175,973</u></u>	<u><u>\$ 380,431,985</u></u>
Investments in governmental funds capital assets by source:		
General fund	\$ 129,573,021	\$ 128,785,757
Special revenue fund	188,204,173	191,516,147
Capital projects funds	<u>69,398,779</u>	<u>60,130,081</u>
Total governmental funds capital assets	<u><u>\$ 387,175,973</u></u>	<u><u>\$ 380,431,985</u></u>

Jackson County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2012

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Equipment	Software	Infrastructure	Construction In Progress	Total
General Government:								
Assessment	\$ -	\$ 35,718	\$ -	\$ 43,349	\$ 931,475	\$ -	\$ -	\$ 1,010,542
Finance								
Taxation	-	-	-	23,171	-	-	-	23,171
Property management	284,553	-	-	-	-	-	-	284,553
Emergency Management	-	-	-	456,145	-	-	-	456,145
Fiduciary	6,057,721	35,119,542	533,731	587,160	391,454	-	173,361	42,862,969
Title III	-	-	-	1,016,294	-	-	-	1,016,294
Capital Projec. Fund	-	44,480	-	63,466	-	-	10,358,939	10,466,885
Total General Government	6,342,274	35,199,740	533,731	2,189,585	1,322,929	-	10,532,300	56,120,559
Elections & Records:								
County Clerk-Elections/Recording								
Elections	-	-	-	181,870	-	-	-	181,870
Recording	-	-	-	63,195	-	-	-	63,195
Surveyor	-	-	-	130,406	-	-	-	130,406
Total Elections and Records	-	-	-	375,471	-	-	-	375,471
Community Justice & Safety:								
District Attorney								
Prosecution Case Management	100,940	710,017	-	79,219	-	-	-	890,176
Sheriff								
Administration	243,688	12,211,673	116,184	585,421	70,441	-	-	13,227,407
Civil Processing	-	-	-	36,792	-	-	-	36,792
Corrections	-	258,499	36,665	845,520	16,870	-	-	1,157,554
Criminal Services	-	34,834	-	744,865	55,756	-	-	835,455
Search and Rescue	-	117,615	78,094	205,771	-	-	-	401,480
SoTNT	-	-	12,890	5,995	-	-	-	18,885
Community Justice Dept								
Adult supervision & Program	-	10,290	155,157	44,937	-	-	-	210,384
Transition Center	-	104,922	-	164,060	-	-	-	268,982
Community Justice - Juvenile	947,444	17,355,732	199,876	7,940	-	-	-	18,510,992
Court Services	-	-	-	10,457	-	-	-	10,457
Court Security Fund	-	227,307	-	49,148	-	-	-	276,455
Law Enforcement District	-	-	-	5,702	-	-	-	5,702
Total Community Justice & Safety	1,292,072	31,030,889	598,866	2,785,827	143,067	-	-	35,850,721

Jackson County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity (Continued)
June 30, 2012

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Equipment	Software	Infrastructure	Construction In Progress	Total
Transportation:								
Roads, Parks & Planning								
Administration	\$ 654,684	\$ 4,821,270	\$ 53,914	\$ 192,655	\$ -	\$ -	\$ -	\$ 5,722,523
Engineering	4,200,397	-	33,858	305,299	-	154,167,812	282,374	158,989,740
Road Maintenance	-	551,025	-	9,784,451	-	-	-	10,335,476
Vegetation Control	-	-	-	472,887	-	-	-	472,887
Fleet Services	77,500	980,459	19,942	577,480	-	-	-	1,655,381
County Bridge Replacement	322,022	-	-	-	-	29,923,049	-	30,245,071
County Trails	4,283	-	229,791	8,400	-	-	-	242,474
Bear Creek Greenway	1,619,224	-	3,058,123	-	-	-	-	4,677,347
Total Transportation	6,878,110	6,352,754	3,395,628	11,341,172	-	184,090,861	282,374	212,340,899
Culture, Education & Recreation:								
Library								
Administration	2,254,112	45,488,520	37,419	1,212,072	-	-	-	48,992,123
Law Library	-	-	-	14,233	-	-	-	14,233
Total Culture, Education & Recreation	2,254,112	45,488,520	37,419	1,226,305	-	-	-	49,006,356
Health & Human Services								
Health & Human Services								
Administration	1,528,277	6,570,007	280,155	14,323	-	-	-	8,392,762
Human Services	-	-	-	254,510	498,773	-	-	753,283
Substance Abuse	-	-	-	71,942	-	-	-	71,942
Public Health	-	-	-	91,737	-	-	-	91,737
Animal Control / Shelter	-	-	-	32,878	-	-	-	32,878
Total Health & Human Services	1,528,277	6,570,007	280,155	465,390	498,773	-	-	9,342,602
Planning, Development & Natural Resources								
Development Services Planning	-	-	-	16,360	-	-	-	16,360
Natural Resources - Watermaster	-	-	-	113,529	-	-	-	113,529
White City Urban Renewal	323,685	-	20,409	-	-	23,586,463	-	23,930,557
White City Lighting District	-	-	-	-	-	78,919	-	78,919
Total Planning, Development & Natural Resources	323,685	-	20,409	129,889	-	23,665,382	-	24,139,365
Total Governmental Funds Capital Assets	\$18,618,530	\$124,641,910	\$4,866,208	\$18,513,639	\$1,964,769	\$207,756,243	\$10,814,674	\$387,175,973

Jackson County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the fiscal year ended June 30, 2012

Function and Activity	Governmental Funds Capital Assets July 1, 2011	Additions	Deletions	Transfers within Functions	Governmental Funds Capital Assets June 30, 2012
General Government:					
Assessment	\$ 520,079	\$ 509,195	\$ (18,732)	\$ -	\$ 1,010,542
Finance					
Taxation	6,461	16,710	-	-	23,171
Property management	284,553	-	-	-	284,553
Emergency Management	456,145	-	-	-	456,145
Fiduciary	42,424,332	586,266	(147,628)	-	42,862,970
Title III	-	1,016,294	-	-	1,016,294
Capital Project Fund	706,754	10,477,125	(716,995)	-	10,466,884
Total General Government	44,398,324	12,605,590	(883,355)	-	56,120,559
Elections & Records:					
County Clerk					
Elections	181,870	-	-	-	181,870
Recording	55,590	7,605	-	-	63,195
Surveyor	130,406	-	-	-	130,406
Total Elections & Records	367,866	7,605	-	-	375,471
Community Justice & Safety:					
District attorney	756,054	-	-	134,122	890,176
Sheriff:					
Administration	12,959,506	429,632	-	(161,731)	13,227,407
Civil Processing	16,116	-	-	20,676	36,792
Corrections	1,176,235	-	-	(18,681)	1,157,554
Criminal Services	344,075	123,630	-	367,750	835,455
Search and Rescue	1,292,974	302,074	(1,016,294)	(177,274)	401,480
SoINT	49,625	-	-	(30,740)	18,885
Community Justice Department:					
Adult Supervision and Program	372,706	-	(36,644)	(125,678)	210,384
Community Justice	-	-	-	-	-
Transition Center	277,426	-	-	(8,444)	268,982
Supervision Services	-	-	-	-	-
Court Services	10,457	-	-	-	10,457
Community Justice - Juvenile	18,510,992	-	-	-	18,510,992
Court Security Fund	276,455	-	-	-	276,455
Law Enforcement District	5,702	-	-	-	5,702
Total Community Justice & Safety	36,048,323	855,336	(1,052,938)	-	35,850,721

Jackson County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (Continued)
For the fiscal year ended June 30, 2012

Function and Activity	Governmental Funds Capital Assets July 1, 2011	Additions	Deletions	Transfers within Functions	Governmental Funds Capital Assets June 30, 2012
Transportation:					
Roads, Parks & Planning:					
Administration	5,687,569	34,954		-	5,722,523
Engineering	163,575,826	16,590,577	(21,176,663)	-	158,989,740
Road Maintenance	10,125,718	438,020	(228,262)	-	10,335,476
Vegetation Control	464,653	75,000	(66,766)	-	472,887
Fleet Services	1,655,381	-		-	1,655,381
County Bridge Replacement	29,220,260	5,815,292	(4,790,481)	-	30,245,071
County Trails	242,474	-	-	-	242,474
Bear Creek Greenway	4,677,347	-	-	-	4,677,347
Total Transportation	215,649,228	22,953,843	(26,262,172)	-	212,340,899
Culture, Education & Recreation:					
Library:					
Administration	47,751,084	-	-	-	47,751,084
Technical Services	120,767	-	-	-	120,767
Adult Services	1,120,272	-	-	-	1,120,272
Law Library	22,674	-	(8,441)	-	14,233
Total Culture, Education & Recreation	49,014,797	-	(8,441)	-	49,006,356
Health & Human Services:					
Health & Human Services					
Administration	8,358,523	34,239	-	-	8,392,762
Human Services	202,433	-	-	-	202,433
Substance Abuse	70,402	-	(5,450)	-	64,952
Public Health	91,270	-	(5,604)	-	85,666
Developmental Disabilities	6,760	-	-	-	6,760
Animal Control / Shelter	32,878	-	-	-	32,878
Mental Health	567,022	-	(9,871)	-	557,151
Total Health & Human Services	9,329,288	34,239	(20,925)	-	9,342,602
Planning, Development and Natural Resources:					
Development Services:					
Planning	16,360	-	-	-	16,360
Natural Resources - Watermaster	82,079	31,450	-	-	113,529
White City Urban Renewal	25,511,712	8,603,703	(10,184,858)	-	23,930,557
White City Lighting District	14,007	64,912	-	-	78,919
Total Plan, Develop & Natural Resources	25,624,158	8,700,065	(10,184,858)	-	24,139,365
Total Governmental Funds Capital Assets	\$ 380,431,984	\$ 45,156,678	\$ (38,412,689)	\$ -	\$ 387,175,973

Supplementary Schedules

The County is required by State law to disclose the financial transactions of elected officials. This subsection includes schedules of cash receipts and turnovers for the Assessor, County Clerk, Sheriff, Surveyor and Justice Court.

Other financial schedules in this subsection are property tax transactions, property taxes receivable and property tax collection schedules.

Jackson County, Oregon
Assessor
Schedule of Cash Receipts and Turnovers
For the fiscal year ended June 30, 2012

Cash on hand, July 1, 2011	\$	220
Receipts:*		
State grants	\$	754,572
Application fees		37,248
Map and photocopy sales		1,619
Plat processing fees		8,822
Miscellaneous		<u>10,085</u>
Total receipts		812,346
Turnovers to County Treasurer		<u>812,436</u>
Cash on hand, June 30, 2012	\$	<u><u>130</u></u>

*Tax receipts are not reflected, as taxation is a division of the Treasury and Financial Services Department.

Jackson County, Oregon
County Clerk
Schedule of Cash Receipts and Turnovers
For the fiscal year ended June 30, 2012

Cash on hand, July 1, 2011:

Change funds	\$ 850
Cash on deposit with County Treasurer	<u>4,300</u>
Total cash	5,150

Receipts:*

Recording	\$ 1,073,294
Elections	<u>471,092</u>
Total receipts	1,544,386

Turnovers:

County Treasurer (revenues)	1,400,534
Others	<u>143,377</u>
Total turnovers	1,543,911

Cash on hand, June 30, 2012:

Change fund	850
Cash on deposit with County Treasurer	<u>4,775</u>
Total cash	<u>\$ 5,625</u>

*Department cash receipts generally include fiduciary collections which are not recognized as revenues of County operating funds.

Jackson County, Oregon
Sheriff
Schedule of Cash Receipts and Turnovers
For the fiscal year ended June 30, 2012

Cash on hand, July 1, 2011:

Change fund	\$ 7,770
Cash on deposit with County Treasurer	<u>91,301</u>

Total cash	99,071
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Receipts*	5,003,141
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Turnovers:

County Treasurer (revenues)	\$ 4,985,306
Others	<u>20,038</u>

Total turnovers	5,005,344
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Cash on hand, June 30, 2012:

Change fund	1,015
Cash on deposit with County Treasurer	<u>95,853</u>

Total cash	<u><u>\$ 96,868</u></u>
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*Department cash receipts generally include fiduciary collections which are not recognized as revenues of County operating funds.

Jackson County, Oregon
Surveyor
Schedule of Cash Receipts and Turnovers
For the fiscal year ended June 30, 2012

Cash on hand, July 1, 2011:

Change fund	\$ 60
Cash on deposit with County Treasurer	<u>1,148,250</u>
Total cash	1,148,310

Receipts:

Surveyor document sales	\$ 20,178
Cornerstone preservation funds	91
Surveyor fees	68,335
Transfers from other funds	1,962
Other	<u>21,024</u>
Total receipts	111,590

Turnovers:

County Treasurer	137,770
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Cash on hand, June 30, 2012:

Change fund	60
Cash on deposit with County Treasurer	<u>1,122,070</u>
Total cash	<u>\$ 1,122,130</u>

Jackson County, Oregon
Justice Court District
Schedule of Cash Receipts and Turnovers
For the fiscal year ended June 30, 2012

Cash on hand, July 1, 2011:		
Change Fund	\$	100
Cash on deposit with County Treasurer		<u>92,031</u>
		92,131
Receipts:		
Justice Court fines and fees		2,429,398
Turnovers:		
County Treasurer (revenues)	\$	1,709,881
Others		<u>626,811</u>
Total Turnovers		2,336,692
Cash on hand, June 30, 2012:		
Change fund		100
Cash on deposit with County Treasurer		<u>184,737</u>
Total cash	\$	<u><u>184,837</u></u>

Jackson County, Oregon
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2012

Tax Year	Taxes Receivable July 1, 2011	Current Levy as Extended by Assessor	Deduct Discounts Taken	Add Interest on Delinquent Taxes	Deduct Cash Collections on Taxes (1)	Add/(Deduct) Corrections and Adjustments	Taxes Receivable June 30, 2012
2011-12	\$ -	\$236,891,063	5,646,083	\$199,817	\$221,386,779	\$ (846,736)	\$9,211,282
2010-11	9,666,506	-	(2,754)	556,253	5,733,782	(5,519)	4,486,212
2009-10	4,556,411	-	(8,534)	515,368	2,412,665	(15,919)	2,651,729
2008-09	2,559,040	-	(416)	694,577	2,270,223	32,718	1,016,527
2007-08	858,922	-	(235)	257,677	716,680	(32,351)	367,803
2006-07	236,277	-	(169)	33,910	85,368	(9,943)	175,045
2005-06	159,102	-	(20)	22,752	48,426	(13,437)	120,011
2004-05	95,190	-	-	7,654	22,307	(46)	80,491
2003-04	93,051	-	-	6,835	19,052	171	81,005
2002-03	71,313	-	-	6,663	19,507	(4,210)	54,258
Prior years	206,331	-	-	18,481	43,286	(12,781)	168,745
Totals	<u>\$18,502,143</u>	<u>\$236,891,063</u>	<u>\$5,633,955</u>	<u>\$2,319,987</u>	<u>\$232,758,076</u>	<u>(\$908,053)</u>	<u>\$18,413,109</u>

(1) Amount includes property tax and payments of interest on delinquent taxes.

Jackson County, Oregon
Schedule of Property Taxes Receivable by Levy Year by Fund
Last Ten Fiscal Years

Tax Year	Total	General	Special Revenue	Capital Projects		Debt Service			Agency
			Enhanced Law Enforcement District	Urban Renewal	White City Lighting District	Library Series 2000 Debt Service	Juvenile Series 2001 Debt Service	Library Series 2002 Debt Service	
2011-12	\$ 9,211,282	\$ 1,260,150	\$ 52,657	\$ -	\$ 12,240	\$ 99,544	\$ -	\$ 387,889	\$ 7,398,802
2010-11	4,486,212	613,738	25,836	-	6,008	30,462	-	30,018	3,780,150
2009-10	2,651,729	360,793	16,243	-	3,777	17,350	-	17,743	2,235,823
2008-09	1,016,528	134,240	1,828	24,536	425	6,215	9,337	6,567	833,380
2007-08	367,803	49,683	723	9,416	168	2,512	569	2,895	301,837
2006-07	175,045	24,141	364	8,401	85	1,293	-	1,486	139,275
2005-06	120,011	16,625	266	5,839	62	1,032	-	1,097	95,090
2004-05	80,491	11,047	187	3,922	-	755	991	772	62,817
2003-04	81,005	11,025	197	4,047	-	812	1,062	823	63,039
2002-03	54,258	7,430	139	2,905	-	587	763	-	42,434
Prior years	168,745	21,084	455	5,998	-	1,203	672	-	139,333
Totals	\$ 18,413,109	\$ 2,509,956	\$ 98,895	\$ 65,064	\$ 22,765	\$ 161,765	\$ 13,394	\$ 449,290	\$ 15,091,980

Jackson County, Oregon
Schedule of Property Taxes Collections by Levy Year by Fund
Last Ten Fiscal Years

Tax Year	Total	General	Special Revenue	Capital Projects		Debt Service			Agency
			Enhanced Law Enforcement District	Urban Renewal	White City Lighting District	Library Series 2000 Debt Service	Juvenile Series 2001 Debt Service	Library Series 2002 Debt Service	
2011-12	\$ 223,003,622	\$ 30,508,095	\$ 1,263,946	\$ -	\$ 6,934	\$ 2,409,940	\$ -	\$ 9,390,741	\$ 179,423,966
2010-11	5,177,529	708,314	29,818	-	-	35,157	-	34,644	4,369,596
2009-10	1,897,297	258,145	11,622	-	2,703	12,413	-	12,695	1,599,719
2008-09	1,575,647	206,048	2,805	53,011	652	9,540	14,331	10,080	1,279,180
2007-08	459,003	60,362	878	23,589	204	3,052	691	3,517	366,710
2006-07	51,457	7,097	107	2,470	25	380	-	437	40,941
2005-06	25,674	3,557	57	1,249	13	220	-	235	20,343
2004-05	14,653	2,011	34	714	-	137	180	140	11,437
2003-04	12,217	1,663	29	610	-	122	160	124	9,509
2002-03	12,845	1,759	33	688	-	139	181	-	10,045
Prior years	24,805	3,343	74	31,732	-	123	169	-	(10,636)
Totals	<u>\$ 232,254,748</u>	<u>\$ 31,760,394</u>	<u>\$ 1,309,403</u>	<u>\$ 114,063</u>	<u>\$ 10,531</u>	<u>\$ 2,471,223</u>	<u>\$ 15,712</u>	<u>\$ 9,452,613</u>	<u>\$ 187,120,809</u>

Statistical Section (Unaudited)

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

Contents	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	87 to 92
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	93 to 96
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	97 to 99
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	100 to 101
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	102 to 105
Annual Disclosure Information	106 to 114

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Jackson County, Oregon
Net Assets by Component - Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Governmental activities										
Invested in capital assets, net of related debt	\$ 122,182,793	\$ 133,755,267	\$ 132,357,455	\$ 173,897,701	\$ 184,221,926	\$ 196,360,146	\$ 216,774,136	\$ 222,447,664	\$ 235,804,411	\$ 233,702,157
Restricted	31,136,344	31,419,912	76,090,327	58,691,149	56,017,063	61,464,939	55,928,939	52,117,929	51,085,657	47,586,863
Unrestricted	25,456,767	36,945,546	50,041,106	48,239,664	63,461,839	74,765,668	83,719,204	87,693,297	86,035,118	74,476,452
Total governmental activities net assets	\$ 178,775,904	\$ 202,120,725	\$ 258,488,888	\$ 280,828,514	\$ 303,700,828	\$ 332,590,753	\$ 356,422,279	\$ 362,258,890	\$ 372,925,186	\$ 355,765,472
Business-type activities										
Invested in capital assets, net of related debt	\$ 52,083,918	\$ 55,857,600	\$ 63,941,682	\$ 66,790,250	\$ 71,388,456	\$ 76,640,138	\$ 88,348,666	\$ 93,230,923	\$ 91,964,637	\$ 92,475,443
Restricted	-	-	-	-	-	1,430,814	1,603,408	1,613,783	1,624,071	1,424,273
Unrestricted	7,625,437	7,810,120	6,825,161	6,102,592	7,735,785	11,117,654	10,476,618	13,037,825	14,439,040	14,895,114
Total business-type activities net assets	\$ 59,709,355	\$ 63,667,720	\$ 70,766,843	\$ 72,892,842	\$ 79,124,241	\$ 89,188,606	\$ 100,428,692	\$ 107,882,531	\$ 108,027,748	\$ 108,794,830
Primary government										
Invested in capital assets, net of related debt	\$ 174,266,711	\$ 189,612,867	\$ 196,299,137	\$ 240,687,951	\$ 255,610,382	\$ 273,000,284	\$ 305,122,802	\$ 315,678,587	\$ 327,769,048	\$ 326,176,600
Restricted	31,136,344	31,419,912	76,090,327	58,691,149	56,017,063	62,895,753	57,532,347	53,731,712	52,661,129	49,011,136
Unrestricted	33,082,204	44,755,666	56,866,267	54,342,256	71,197,624	85,883,322	94,195,822	100,731,122	100,522,757	89,371,566
Total primary government net assets	\$ 238,485,259	\$ 265,788,445	\$ 329,255,731	\$ 353,721,356	\$ 382,825,069	\$ 421,779,359	\$ 456,850,971	\$ 470,141,421	\$ 480,952,934	\$ 464,560,302

Jackson County, Oregon
Changes in Net Assets - Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Expenses										
Governmental Activities: (1)										
General Government (1)	\$ 11,174,605	\$ 15,201,178	\$ 19,514,923	\$ 16,624,284	\$ 10,875,114	\$ 8,721,676	\$ 12,038,430	\$ 16,376,723	\$ 11,454,522	\$ 10,489,720
Elections & Recording					1,910,279	2,086,105	2,039,217	1,973,350	1,899,608	1,872,126
Community Justice & Safety	34,649,054	36,201,129	36,294,560	41,213,225	40,941,642	41,986,653	42,874,787	45,769,390	47,962,680	48,650,631
Culture & Recreation (12)	8,259,392	8,259,725	10,812,797	12,482,626	10,389,195	6,105,707	7,820,286	8,102,856	8,274,799	8,257,201
Planning, Development & Natural Resources	5,409,458	5,530,279	5,190,146	5,203,868	7,086,483	6,585,858	5,914,108	5,605,315	5,144,634	9,678,094
Health & Human Services	36,297,660	33,977,498	37,127,057	39,950,246	39,130,243	38,764,179	39,677,149	41,791,404	44,366,754	35,130,881
Transportation	9,456,549	10,344,709	12,365,791	9,066,042	17,385,089	18,349,088	33,197,494	17,551,405	19,410,613	28,358,761
Interest on long-term debt	2,951,593	3,025,560	2,829,220	2,354,310	2,242,805	2,005,796	1,773,395	1,572,803	1,273,563	1,053,455
Total governmental activities expenses	<u>108,198,311</u>	<u>112,540,078</u>	<u>124,134,494</u>	<u>126,894,601</u>	<u>129,960,850</u>	<u>124,605,062</u>	<u>145,334,866</u>	<u>138,743,246</u>	<u>139,787,173</u>	<u>143,490,869</u>
Business-type activities:										
Airport (13)	4,995,282	5,105,709	5,873,556	6,674,083	6,642,090	7,642,432	7,761,962	7,647,804	10,750,019	11,060,591
Exposition park	1,583,118	1,813,308	1,832,263	2,304,625	2,395,651	2,449,919	2,297,637	2,336,390	2,226,551	2,309,698
Recreation enterprise (3)	1,927,047	1,941,539	1,728,797	1,795,365	1,746,925	1,777,005	1,761,045	3,921,194	6,752,246	2,244,550
Total business-type activities expenses	<u>8,505,447</u>	<u>8,860,556</u>	<u>9,434,616</u>	<u>10,774,073</u>	<u>10,784,666</u>	<u>11,869,356</u>	<u>11,820,644</u>	<u>13,905,388</u>	<u>19,728,816</u>	<u>15,614,839</u>
Total primary government expenses	<u>\$ 116,703,758</u>	<u>\$ 121,400,634</u>	<u>\$ 133,569,110</u>	<u>\$ 137,668,674</u>	<u>\$ 140,745,516</u>	<u>\$ 136,474,418</u>	<u>\$ 157,155,510</u>	<u>\$ 152,648,634</u>	<u>\$ 159,515,989</u>	<u>\$ 159,105,708</u>
Program Revenues										
Governmental Activities: (11)										
Charges for services: (2)										
Community Justice & Safety	\$ 6,111,475	\$ 6,090,607	\$ 7,980,530	\$ 7,620,691	\$ 4,870,672	\$ 5,618,781	\$ 6,211,489	\$ 6,313,071	\$ 5,971,010	\$ 5,615,258
Planning, Development & Natural Resources					5,918,779	3,318,817	3,645,758	3,052,339	3,149,412	3,564,969
Other activities	10,442,299	11,415,938	14,815,790	15,006,687	12,136,841	11,435,920	9,789,492	9,239,030	9,518,401	10,097,881
Operating grants and contributions (4)	58,118,037	58,742,275	104,031,861	66,652,699	67,818,114	65,984,784	66,855,532	70,662,037	75,768,836	61,773,153
Capital grants and contributions	1,757,507	3,279,815	1,078,788	2,248,551	283,860	348,440	19,752,982	680,975	2,682,142	82,250
Total governmental activities program revenues	<u>76,429,318</u>	<u>79,528,635</u>	<u>127,906,969</u>	<u>91,528,628</u>	<u>91,028,266</u>	<u>86,706,742</u>	<u>106,255,253</u>	<u>89,947,452</u>	<u>97,089,801</u>	<u>81,133,511</u>
Business-type activities:										
Charges for services: (2)										
Airport services (5)	3,923,025	4,416,542	4,857,780	5,235,071	6,403,372	7,019,374	6,528,930	7,439,262	7,452,252	7,217,246
Exposition Park (6)	1,362,848	1,337,131	1,321,345	1,651,805	1,854,141	2,060,821	1,867,897	1,632,821	1,496,429	1,750,736
Recreation enterprise	782,344	762,557	720,345	579,200	618,184	598,694	862,989	771,398	884,966	826,215
Operating grants and contributions (7)	1,691,127	1,410,149	2,101,637	2,045,510	3,191,345	2,310,285	2,246,617	3,754,743	6,986,434	1,913,864
Capital grants and contributions (8)	867,166	4,143,420	2,883,286	2,478,511	4,475,992	7,960,188	10,600,168	7,130,366	2,644,349	4,070,289
Total business-type activities program revenues	<u>8,626,510</u>	<u>12,069,799</u>	<u>11,884,393</u>	<u>11,990,097</u>	<u>16,543,034</u>	<u>19,949,362</u>	<u>22,106,601</u>	<u>20,728,590</u>	<u>19,464,430</u>	<u>15,778,350</u>
Total primary government program revenues	<u>\$ 85,055,828</u>	<u>\$ 91,598,434</u>	<u>\$ 139,791,362</u>	<u>\$ 103,518,725</u>	<u>\$ 107,571,300</u>	<u>\$ 106,656,104</u>	<u>\$ 128,361,854</u>	<u>\$ 110,676,042</u>	<u>\$ 116,554,231</u>	<u>\$ 96,911,861</u>

Jackson County, Oregon
Changes in Net Assets - Last Ten Fiscal Years (Continued)
(Accrual Basis of Accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Net (Expense)/Revenue										
Governmental activities	\$ (31,768,993)	\$ (33,011,443)	\$ 3,772,475	\$ (35,365,973)	\$ (38,932,584)	\$ (37,898,320)	\$ (39,079,613)	\$ (48,795,794)	\$ (42,697,372)	\$ (62,357,358)
Business-type activities	121,063	3,209,243	2,449,777	1,216,024	5,758,368	8,080,006	10,285,957	6,823,202	(264,386)	163,511
Total primary government net expense	<u>\$ (31,647,930)</u>	<u>\$ (29,802,200)</u>	<u>\$ 6,222,252</u>	<u>\$ (34,149,949)</u>	<u>\$ (33,174,216)</u>	<u>\$ (29,818,314)</u>	<u>\$ (28,793,656)</u>	<u>\$ (41,972,592)</u>	<u>\$ (42,961,758)</u>	<u>\$ (62,193,847)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 33,968,819	\$ 35,998,863	\$ 37,465,932	\$ 37,016,639	\$ 38,388,121	\$ 42,522,108	\$ 41,611,903	\$ 37,791,064	\$ 38,315,765	\$ 37,181,804
Gain on sale of assets (9)	57,253	4,013,105	-	1,644	9,291	-	-	-	-	-
Unrestricted grants and contributions	14,598,412	14,773,593	14,965,650	15,309,859	15,556,196	15,523,928	15,147,500	12,819,817	11,583,055	5,206,439
Unrestricted investment earnings	3,505,496	2,239,623	4,677,599	5,995,628	8,595,750	9,086,312	6,622,784	4,330,137	3,569,681	3,136,930
Transfers (10)	(546,429)	(668,920)	(4,513,493)	(618,171)	(609,460)	(482,347)	(471,048)	(308,613)	(104,833)	(327,529)
Total governmental activities	<u>51,583,551</u>	<u>56,356,264</u>	<u>52,595,688</u>	<u>57,705,599</u>	<u>61,939,898</u>	<u>66,650,001</u>	<u>62,911,139</u>	<u>54,632,405</u>	<u>53,363,668</u>	<u>45,197,644</u>
Business-type activities:										
Gain (loss) on sale of assets	139,951	(12,537)	-	-	(4,171)	-	-	-	-	-
Unrestricted investment earnings	198,463	92,739	135,853	291,804	359,332	1,006,251	483,081	322,024	304,770	276,042
Transfers (10)	546,429	668,920	4,513,493	618,171	609,460	482,347	471,048	308,613	104,833	327,529
Total business-type activities	<u>884,843</u>	<u>749,122</u>	<u>4,649,346</u>	<u>909,975</u>	<u>964,621</u>	<u>1,488,598</u>	<u>954,129</u>	<u>630,637</u>	<u>409,603</u>	<u>603,571</u>
Total primary government	<u>52,468,394</u>	<u>57,105,386</u>	<u>57,245,034</u>	<u>58,615,574</u>	<u>62,904,519</u>	<u>68,138,599</u>	<u>63,865,268</u>	<u>55,263,042</u>	<u>53,773,271</u>	<u>45,801,215</u>
Change in Net Assets										
Governmental activities	19,814,558	23,344,821	56,368,163	22,339,626	23,007,314	28,751,681	23,831,526	5,836,611	10,666,296	(17,159,714)
Business-type activities	1,005,906	3,958,365	7,099,123	2,125,999	6,722,989	9,568,604	11,240,086	7,453,839	145,217	767,082
Total primary government	<u>\$ 20,820,464</u>	<u>\$ 27,303,186</u>	<u>\$ 63,467,286</u>	<u>\$ 24,465,625</u>	<u>\$ 29,730,303</u>	<u>\$ 38,320,285</u>	<u>\$ 35,071,612</u>	<u>\$ 13,290,450</u>	<u>\$ 10,811,513</u>	<u>\$ (16,392,632)</u>

(1) Changes were made to category groupings beginning with the 2006/07 date, which affects comparability by category. Major changes include moving all Planning department activities from Safety to Business, Private and Special Development; combining Community Justice and Safety into one category; creating a new category called Elections & Records, which includes the Surveyor's office; moving Capital Projects from Organizational Infrastructure to General Government; moved White City and Urban Renewal into Planning, Development & Natural Resources; other changes, as necessary, to group departmental activities together.

(1) The increase in 2004/05 is the result of the purchase and implementation of new comprehensive enterprise software in the county.

(2) Charges for services generally increase each year as a result of an annual recalculation and board approval of county fees. Planning charges have decreased since 06/07 due to the recession.

(3) The increase in Recreation enterprise expenses in 10-11 is due to \$4.3 million paid to a contractor for the removal of Gold Ray Dam.

(4) The significant increase in this account in 2004-05 is a result of a one-time intergovernmental revenue receipt of \$30,947,000 for bridge repair/replacements.

(5) The increases in these amounts each year reflect the increases in passenger facility charges, and landing fees due to increased activity.

(6) The increase in revenues for the Exposition Park in 2005-06 is a result of the opening of the new Amphitheater and the addition of headliner acts at the county fair.

(7) The fluctuations in operating grants and contributions for business-type activities is a result of the differences in the number of Airport Improvement Projects in process. In 10-11 the increase is due to grant funds received for the removal of Gold Ray Dam.

(8) The changes in this account are related to the number of Airport Improvement Projects in process. These projects are funded by the Federal Aviation Administration. In 2001-02, there were two large projects in process. In 2003-04, there were 4 projects in process. In 2006-07 there were two large projects in process. In 2007-08, a major terminal construction project was in process.

(9) The large gain on the sale of assets in 2003-04 is the result of the sale of the South Interchange Property.

(10) The large transfer in 2004-05 includes the transfer of proceeds from the sale of property of \$1,168,260 for debt service on the Juvenile Service Facility bonds, and \$1,700,000 to the Exposition Park for construction costs of the new Amphitheater.

(11) The County changed their category groupings in 07/08. This affects the comparability of information.

(12) Expenses in 07/08 for Culture and Recreation decreased as a result of the closure of all county libraries in April 2007. They were re-opened in November 2007 at reduced service levels.

(13) The increase in Airport expenses in 10-11 is due to increased depreciation expense on new facilities.

Jackson County, Oregon
Fund Balances, Governmental Funds - Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	(6) 2010-11	2011-12
General Fund										
Nonspendable									\$ 1,369,154	\$ 1,119,904
Restricted									1,228,979	624,838
Committed									-	-
Assigned									23,557,412	13,490,187
Unassigned									45,290,827	34,231,274
Reserved	\$ 1,111,437	\$ 2,179,354	\$ 1,730,772	\$ 1,026,142	\$ 1,237,812	\$ 1,106,432	\$ 1,223,717	\$ 1,174,342	-	-
Unreserved (3)	22,283,288	32,617,063	34,680,387	39,900,522	46,765,131	59,403,886	65,732,240	71,780,931	-	-
Total general fund (7)	<u>23,394,725</u>	<u>34,796,417</u>	<u>36,411,159</u>	<u>40,926,664</u>	<u>48,002,943</u>	<u>60,510,318</u>	<u>66,955,957</u>	<u>72,955,273</u>	<u>71,446,372</u>	<u>49,466,203</u>
All Other Governmental Funds										
Nonspendable									\$ 1,646,618	\$ 2,009,555
Restricted									48,627,246	45,809,154
Committed									-	-
Assigned									2,984,223	12,050,662
Unassigned									-	-
Reserved (1), (4)	\$ 8,250,180	\$ 14,857,833	\$ 39,074,879	\$ 36,242,845	\$ 15,976,970	\$ 20,092,263	\$ 19,351,273	\$ 20,933,967	-	-
Unreserved, reported in:										
Special revenue funds (5)	17,342,025	14,726,219	14,274,751	13,645,360	17,923,853	23,758,320	22,916,416	22,381,050	-	-
Capital projects funds (2)	37,992,574	20,272,673	31,427,454	18,328,143	28,165,911	23,900,738	19,045,171	11,746,651	-	-
Permanent fund, designated for library	35,332	35,332	35,416	35,546	35,681	35,774	26,591	-	-	-
Total all other governmental funds	<u>\$ 63,620,111</u>	<u>\$ 49,892,057</u>	<u>\$ 84,812,500</u>	<u>\$ 68,251,894</u>	<u>\$ 62,102,415</u>	<u>\$ 67,787,095</u>	<u>\$ 61,339,451</u>	<u>\$ 55,061,668</u>	<u>\$ 53,258,087</u>	<u>\$ 59,869,371</u>

(1) The increase in the Other Governmental Funds Reserved fund balances in the 2004-05 fiscal year is a result of unspent receipts from the State of Oregon for bridge replacement. This is also part of the reason for the large decrease in the 2006-07 fiscal year. In 2006-07 fewer funds were reserved for encumbrances because of fewer large projects in progress at 6/30/07.

(2) The increase in Unreserved fund balances in the Capital projects funds in 2002-03 is due to unspent and unencumbered bond proceeds. These were mostly spent in subsequent years.

(3) The increase in Unreserved fund balance in the general fund in 2007-08 is due to the unexpected receipt of a one-year extension of expired Public Law 106-393 funds from the Federal Government. The county had already reduced the budget significantly in order to operate without these funds. Rather than restore all services with the one-year extension, some services were restored, but most of the money went into the Rainy Day Fund which will be used to provide reduced services over the next two years. The increases in subsequent years are also from O&C replacement funds which were unspent in order to increase the Rainy Day Fund.

(4) The increase in Reserved fund balance in the Other Governmental Funds in 2007-08 is due to Urban Renewal tax revenues restricted for debt service.

(5) The increase in Special revenue funds unreserved fund balance in 2007-08 is due to the PL 106-393 funds of approximately \$4 million which was mostly put into the Roads Departments Rainy Day Fund.

(6) The fund balance groupings for 2010-11 reflect the adoption of GASB statement No. 54. The change is being reported prospectively in these statements.

(7) The decrease in general fund balance is due to the expenditure of rainy-day funds on capital projects.

Jackson County, Oregon
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues										
Intergovernmental (1)	\$ 73,556,742	\$ 76,795,683	\$ 119,034,094	\$ 82,038,533	\$ 83,658,170	\$ 81,659,151	\$ 82,003,032	\$ 83,481,854	\$ 87,351,891	\$ 66,979,592
Charges for services	15,169,777	15,891,936	20,983,466	20,763,713	19,998,113	17,509,298	16,226,073	15,336,120	14,993,317	15,519,762
Licenses and permits	1,110,971	1,246,737	1,024,699	1,046,718	1,033,427	1,191,609	1,286,782	1,232,651	1,291,107	1,317,668
Fines and forfeitures	323,444	379,483	575,330	827,152	1,172,761	1,498,984	1,870,373	1,850,713	2,074,748	2,068,586
Taxes (8)	33,683,239	36,239,232	37,319,114	37,541,295	38,357,081	41,884,350	41,107,566	37,642,879	38,411,924	36,914,305
Interest	2,419,089	1,363,287	3,159,884	4,721,515	6,301,004	6,261,249	4,920,753	3,417,564	2,660,603	1,977,664
Miscellaneous	784,348	786,437	1,284,319	789,616	1,582,879	2,093,002	1,105,783	440,903	498,440	830,770
Total revenues	127,047,610	132,702,795	183,380,906	147,728,542	152,103,435	152,097,643	148,520,362	143,402,682	147,282,030	125,608,347
Expenditures										
General Government & organizational infrastructure (2)	27,284,858	28,944,891	20,317,692	16,076,950	11,034,951	6,967,227	8,919,747	10,016,924	9,538,748	8,640,510
Elections and records					1,929,865	1,896,864	1,945,535	1,820,555	1,802,691	1,764,747
Community Justice and Safety	32,745,530	34,736,729	35,661,215	40,846,651	41,481,466	40,124,809	40,869,629	43,073,301	45,992,267	46,019,956
Culture and Recreation (3)	8,098,437	8,294,859	9,222,775	10,779,396	10,422,520	6,157,808	5,948,025	5,868,009	5,987,270	5,993,897
Planning, Development, and Natural Resources (9)	4,764,047	5,425,780	4,824,023	5,999,776	7,753,043	7,009,600	7,159,968	5,872,853	6,013,282	4,742,864
Health and Human Services (4)	35,847,255	33,602,858	36,240,554	38,624,579	38,029,367	37,959,222	39,091,334	40,754,243	43,555,281	33,952,103
Transportation (7)	9,173,231	9,296,108	13,629,951	10,008,463	12,991,163	13,603,481	20,288,847	13,652,136	13,501,274	15,550,226
Capital outlay (5)	13,636,044	11,150,499	17,244,689	27,044,983	17,883,654	11,122,156	16,276,665	13,366,116	16,279,851	17,976,004
Debt Service										
Principal	12,250,000	4,409,000	17,449,000	5,785,346	17,959,000	4,868,000	15,943,078	5,019,112	4,895,587	3,073,485
Interest	2,551,263	3,407,445	2,845,625	2,385,423	2,257,031	2,028,056	1,792,787	1,593,991	1,298,495	1,064,327
Total expenditures	146,350,665	139,268,169	157,435,524	157,551,567	161,742,060	131,737,223	158,235,615	141,037,240	148,864,746	138,778,119
Excess of revenues over (under) expenditures	(19,303,055)	(6,565,374)	25,945,382	(9,823,025)	(9,638,625)	20,360,420	(9,715,253)	2,365,442	(1,582,716)	(13,169,772)
Other Financing Sources (Uses)										
Issuance of Debt	26,282,266	-	13,000,000	12,730,000	13,250,000	-	11,977,616	-	11,065,465	-
Payment to refunding escrow	-	-	-	(12,550,613)	-	-	-	-	(10,963,614)	-
Transfers in (10)	5,364,040	3,969,291	10,940,454	5,154,778	4,365,725	6,574,664	10,294,545	6,134,106	7,535,322	25,306,792
Transfers out (10)	(7,668,370)	(7,266,648)	(13,194,788)	(7,643,707)	(7,240,718)	(8,688,400)	(12,549,406)	(8,760,679)	(9,589,443)	(27,842,705)
Sale of capital assets (6)	-	7,663,962	-	-	-	-	-	-	-	-
Total other financing sources (uses)	23,977,936	4,366,605	10,745,666	(2,309,542)	10,375,007	(2,113,736)	9,722,755	(2,626,573)	(1,952,270)	(2,535,913)
Net change in fund balances	\$ 4,674,881	\$ (2,198,769)	\$ 36,691,048	\$ (12,132,567)	\$ 736,382	\$ 18,246,684	\$ 7,502	\$ (261,131)	\$ (3,534,986)	\$ (15,705,685)
Debt service as a percentage of noncapital expenditures	13.3%	7.1%	15.3%	6.7%	14.5%	5.9%	14.7%	5.3%	4.8%	3.4%

Jackson County, Oregon
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years (Continued)
(Modified Accrual Basis of Accounting)

Changes were made to the expenditure category groupings beginning with the 06/07 data which affects comparability by category.

- (1) The substantial increase in intergovernmental revenues in the 2004-05 fiscal year was a result of the receipt of one-time intergovernmental revenues of \$38,947,000 for bridge replacement/repair. The increase in 2009-10 is due to increased state revenues received by the Health & Human Services department.
- (2) The decrease in general government expenditures in 2007-08 is a result of service reductions because of the expected expiration of Public Law 106-393 funds.
- (3) The decrease in culture and recreation expenditures for 2007-08 is due to the closure of all libraries in April 2007. They were re-opened in November 2007, but at a reduced level.
- (4) The decrease in health and human services expenditures in 2007-08 is related to the developmental disability service costs described in (1) above.
- (5) The increase in capital outlay in 2004-05 is primarily due to the expenditure of the bridge replacement funds.
- (6) The sale of capital assets in the 2003-04 fiscal year reflects the sale of the Miles Field property in the South Interchange complex.
- (7) Transportation expenditures for 2008-09 includes a \$7,000,000 refund to Oregon Department of Transportation for unused 2004 Bridge Replacement funds.
- (8) Decrease in 2009-10 taxes reflects the reduction in tax increment revenues for Urban Renewal Debt Service.
- (9) The reduction in expenditures for Planning development, and natural resources in 2009-10 is largely due to the completion of White City Urban Renewal projects.
- (10) The increase in transfers in/out in 2011-12 reflects the transfers from the general fund to the capital projects fund for the new sheriff facility and other major capital projects.

Jackson County, Oregon
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years

Fiscal Year	Real	Manufactured Structures*	Personal	Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (Real Market Value)	Assessed Value as a Percentage of Actual Value
2002-03	\$ 9,881,625,168	\$ 351,225,180	\$ 418,087,000	\$ 473,254,500	\$ 11,124,191,848	2.2995	\$ 15,891,702,640	70.00%
2003-04	10,451,730,560	359,476,558	416,572,270	449,676,073	11,677,455,461	2.4130	17,047,380,235	68.50%
2004-05	11,203,264,638	223,305,265	421,003,630	475,065,901	12,322,639,434	2.3990	20,018,503,911	61.56%
2005-06	11,920,685,431	225,477,380	429,784,700	439,977,164	13,015,924,675	2.2028	23,570,940,812	55.22%
2006-07	12,688,178,244	223,532,830	452,600,340	464,470,800	13,828,782,214	2.3990	28,839,149,411	47.95%
2007-08	13,533,495,808	199,722,920	484,838,850	469,797,062	14,687,854,640	2.1812	31,687,848,811	46.35%
2008-09	14,189,871,988	200,962,572	500,593,700	500,516,590	15,391,944,850	2.2667	31,152,790,422	49.41%
2009-10	14,718,486,217	180,528,841	463,066,780	534,131,960	15,896,213,798	2.3674	28,365,971,987	56.04%
2010-11	15,045,119,929	161,634,037	459,829,860	569,935,590	16,236,519,416	2.3276	24,611,610,456	65.97%
2011-12	15,238,596,648	170,152,629	439,403,410	586,330,010	16,434,482,697	2.2056	22,526,552,961	72.96%

Source: County Assessor tax roll under Measure 50

Assessed Value is shown net of tax-exempt property

Note: The Assessed Value is not the Real Market Value but a generally lower Assessed Value for tax purposes. Currently Assessed Value is limited to a 3% maximum annual increase plus new growth before tax rates are applied because of a tax limitation measure ("Ballot Measure 50"). Measure 50, which affected property tax collections, was approved by the voters in May, 1997.

* Effective 2004-05, real manufactured structures exempt from being title as mobile homes, are reported in the real column.

Jackson County, Oregon
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
(Per \$1,000 of Assessed Value)

Taxing Entity	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Jackson County-Gen	1.9425	1.9357	1.9372	1.951	1.9499	1.9455	1.9442	2.0099	2.0099	2.0099
Jackson County-Bonds	0.3570	0.4773	0.4462	0.2518	0.4491	0.2357	0.3225	0.3575	0.3177	0.1957
Jackson County-Total	2.2995	2.4130	2.3834	2.2028	2.3990	2.1812	2.2667	2.3674	2.3276	2.2056
Education Service										
District	0.3410	0.3418	0.3421	0.3423	0.3421	0.3411	0.3409	0.3524	0.3524	0.3524
Rogue Community										
College	0.4961	0.4973	0.4978	0.6231	0.4978	0.6159	0.6089	0.6278	0.6319	0.6193
Vector Control	0.0416	0.0417	0.0417	0.0417	0.0417	0.0416	0.0415	0.0429	0.0429	0.0429
Soil & Water						0.0484	0.0484	0.0500	0.0500	0.0500
Rogue Valley										
Transit District	0.1698	0.1709	0.1711	0.1712	0.1711	0.1707	0.1709	0.1772	0.1772	0.1772
Cities:										
Ashland	5.3599	5.3399	3.8768	5.2491	5.2568	5.7225	5.7086	5.8764	5.8936	4.7068
Butte Falls	7.2494	7.2494	7.2494	7.2494	7.2494	7.2494	7.2494	7.2494	7.2494	7.2494
Central Point	4.4699	4.4699	4.4699	4.4699	4.4699	4.4700	4.4700	4.4700	4.4700	4.4700
Eagle Point	3.3187	3.1920	2.8949	2.8283	2.8949	2.7509	2.7328	2.7172	2.7168	2.7123
Gold Hill	3.7397	3.6039	2.4983	3.5035	3.5397	2.4174	2.4637	2.4179	2.3744	2.4169
Jacksonville	2.9804	2.9077	2.8119	3.7821	2.7482	2.5720	2.4497	2.4200	2.3283	2.4447
Medford	5.1707	5.1801	5.0809	5.1018	5.0809	5.1904	5.1880	5.1989	5.2125	5.2953
Phoenix	5.9475	5.3663	3.6463	6.4963	6.4963	6.2890	3.4226	3.4254	3.4019	3.6463
Rogue River	3.7588	3.7372	3.6906	4.1658	4.1906	4.0900	4.1477	4.1302	4.1425	3.6423
Shady Cove	1.5231	1.4925	1.0558	0.929	1.0558	0.9488	0.9283	0.9202	0.9145	0.9044
Talent	2.9372	2.9170	2.8521	2.79	2.8521	3.0007	2.9534	2.9594	2.9467	3.4346
Fire Districts:										
Applegate #9	2.6787	2.6787	2.5287	2.5287	2.5287	2.5287	2.5287	2.5287	2.5287	2.5287
Central Point #3	2.5320	2.6772	2.6940	2.7071	2.694	2.6736	2.6686	3.1194	3.1194	3.1194
Evans Valley #6	1.2905	1.2905	1.2905	1.2905	1.2905	1.6505	1.6505	1.6505	1.2905	1.6505
Medford #2	2.4630	2.1810	2.2967	2.4884	2.2967	2.4920	2.4938	2.4938	2.4938	2.4938
Prospect	0.9902	0.9902	0.9902	0.9902	0.9902	0.9902	0.9902	0.9902	0.9902	0.9902
Rogue River #1	2.7747	2.7700	2.2609	2.7509	2.7609	2.7018	2.7116	2.2159	2.2261	2.6849
Shady Cove-Trail #4	2.0181	2.0181	2.0181	2.0181	2.0181	2.0181	2.0181	2.0181	2.0181	2.0181
Talent #5	3.1976	3.1976	3.1976	3.1976	3.1976	3.1976	3.1976	3.1976	3.1976	3.1976
Colstein RFPD	1.9455	1.9455	1.9455	1.9455	1.9455	1.9455	1.9455	1.9455	1.9455	1.9455
Lake Creek RFPD	1.4740	1.4740	1.4740	1.474	1.474	1.4740	1.4740	1.4740	1.4740	1.4740
School Districts:										
Phoenix #4	6.3245	6.2346	6.1590	5.9467	6.159	4.7739	4.7794	4.8247	4.7636	4.7383
Ashland #5	5.5266	5.4899	5.4425	5.3125	5.4425	5.9395	6.0470	6.1627	6.1608	7.4172
Central Point #6	4.5369	5.1996	5.0614	5.0194	5.0614	4.9875	4.9968	5.5661	5.3965	5.6745
Eagle Point #9	4.7807	6.4319	6.3762	5.9462	6.3762	5.7646	5.6948	6.3233	6.3475	6.2443
Rogue River #25	5.0549	5.1048	5.0926	5.0723	5.0926	5.0307	4.9901	5.0304	5.029	5.5023
Applegate #40	4.4584	4.4927	4.4285	4.3634	4.4285	4.3035	4.2875	4.2764	4.2919	4.246
Prospect #59	4.3628	4.3628	4.3628	4.3628	4.3628	4.3628	4.3628	4.3628	4.3628	4.3628
Butte Falls #91	4.5749	4.5749	4.5749	4.5749	4.5749	4.5749	4.5749	4.5749	4.5749	4.5749
Pinehurst #94	4.8235	4.8235	4.8235	4.8235	4.8235	4.8235	4.8235	4.8235	4.8235	4.8235
Medford #549C	5.0784	4.9855	5.0060	4.8036	4.7836	6.2427	6.5550	6.2338	6.1945	6.1685
White City:										
Law Enforcement	0.7188	0.7304	0.7206	0.8634	0.7206	0.6018	0.5740	2.0211	2.0211	2.0211
Lighting						0.1400	0.1335	0.4700	0.4700	0.4700
Urban Renewal:										
County	0.2880	0.2551	0.2509	0.2469	0.2509	0.2726	0.0000	0.0000	0.0000	0.0000
Medford	0.4876	0.4575	0.4835	0.4439	0.4835	0.3938	0.4131	0.6687	0.6618	0.6511
Talent	0.6736	0.7164	0.8767	1.077	0.8767	1.2556	1.2392	3.3692	3.3534	3.314

Source: County Assessor's Annual Certified Levy

*Billing rates differ from permanent rates due to timber severance tax offsets and adjustments resulting from urban renewal districts. Oregon's property tax system has limits on the levy rates, including formulas for rate compression when a rate maximum is reached.

Jackson County, Oregon
Principal Property Tax Payers - Current Year and Nine Years Ago

Taxpayer	2011-12			2002-03		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pacificorp	* \$ 228,837,000	1	1.39%	* \$ 170,984,200	1	1.61%
Rogue Valley Manor	81,441,780	2	0.50%	48,664,470	4	0.46%
Carestream Health Inc	71,299,770	3	0.43%			
Avista Corp	* 70,662,800	4	0.43%	* 40,469,700	9	0.38%
Harry & David Operations, Inc.	** 77,920,357	5	0.47%	56,555,330	5	0.53%
Rogue Valley Mall LLC	54,455,890	6	0.33%			
Charter Communications	54,173,200	7	0.33%			
Qwest Corporation	* 52,557,300	8	0.32%	* 95,274,030	3	0.90%
Biomass One LTD Partnership	42,418,500	9	0.26%			
KRC Medford Center LLC	33,496,440	10	0.20%			
Eastman Kodak Company				1,774,703	2	1.14%
Rogue Valley Partners LP				41,439,550	6	0.39%
Certanteed Corporation				40,672,060	7	0.38%
Boise Cascade Corp				39,352,220	8	0.37%
BOC Group Incorporated				30,103,101	10	0.28%
	<u>\$ 767,263,037</u>		<u>4.67%</u>	<u>\$ 565,289,364</u>		<u>6.44%</u>

* Note: Utility values are established by the State of Oregon

** Note: Name change from 2002-03 to 2011-12

Source: County Assessor property tax roll records for the 2011-12 and 2002-03 tax rolls.

Jackson County, Oregon
Property Tax Levies and Collections - Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002-03	\$ 34,490,534	\$ 32,870,331	95.3%	\$ 1,608,379	\$ 34,478,710	100.0%
2003-04	36,948,059	34,843,520	94.3%	2,086,573	36,930,093	100.0%
2004-05	38,295,115	36,204,074	94.5%	2,073,367	38,277,441	100.0%
2005-06	37,901,510	36,713,166	96.9%	1,163,423	37,876,589	99.9%
2006-07	39,911,487	38,542,832	96.6%	1,332,885	39,875,717	99.9%
2007-08	43,479,558	40,882,776	94.0%	2,520,816	43,403,592	99.8%
2008-09	32,952,505	31,092,477	94.4%	1,666,880	32,759,357	99.4%
2009-10	27,897,211	26,267,932	94.2%	1,213,373	27,481,305	98.5%
2010-11	34,137,662	32,539,446	95.3%	892,154	33,431,600	97.9%
2011-12	32,778,353	30,965,893	94.5%		30,965,893	94.5%

Source: County Tax Collector tax roll records relating to Jackson County

Jackson County, Oregon
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities Revenue Bonds	Less: Amounts Restricted to Repaying Principal	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Percentage of Actual Property Value (1)	Special Assessment Bonds	Urban Renewal Bonds					
2002-03	\$ 50,745,000	0.32%	\$ -	\$ 12,584,000	\$ -	\$ (3,920,678)	\$ 59,408,322	1.19%	323
2003-04	48,055,000	0.28%	-	10,865,000	-	(9,796,869)	49,123,131	0.94%	263
2004-05	44,910,000	0.22%	-	9,561,000	-	(8,741,517)	45,729,483	0.83%	241
2005-06	41,370,000	0.18%	-	8,255,000	-	(13,129,438)	36,495,562	0.63%	190
2006-07	37,980,000	0.13%	-	6,936,000	-	(5,561,464)	39,354,536	0.65%	203
2007-08	34,445,000	0.11%	-	5,603,000	19,955,000	(13,190,084)	46,812,916	0.71%	239
2008-09	30,770,000	0.10%	1,027,538	4,285,000	19,955,000	(8,053,596)	47,983,942	0.70%	242
2009-10	26,925,000	0.09%	913,426	3,225,000	19,655,000	(8,226,755)	42,491,671	0.61%	212
2010-11	22,790,000	0.09%	867,839	2,485,000	19,335,000	(7,484,159)	37,993,680	0.55%	189
2011-12	20,625,000	0.09%	744,354	1,700,000	18,995,000	(6,727,689)	35,336,665	0.51%	174

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

The county administers an urban renewal agency. The agency has tax increment debt which is not an obligation of the county.

(1) See Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See Schedule of Demographic and Economic Statistics for personal income and population data.

Jackson County, Oregon
Legal Debt Margin Information - Last Ten Fiscal Years

ORS 287A.100(2) provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.054.

Fiscal Year	Real Market Value	Debt Limit Rate	Debt Limit	Less Bonded Debt at June 30	Legal Debt Margin	(1)
2002-03	\$ 15,891,702,640	2.00%	\$ 317,834,053	\$ 50,745,000	\$ 267,089,053	15.97%
2003-04	17,047,380,235	2.00%	340,947,605	48,055,000	292,892,605	14.09%
2004-05	20,018,503,911	2.00%	400,370,078	44,910,000	355,460,078	11.22%
2005-06	23,570,940,812	2.00%	471,418,816	41,370,000	430,048,816	8.78%
2006-07	28,839,149,411	2.00%	576,782,988	37,980,000	538,802,988	6.58%
2007-08	31,687,848,811	2.00%	633,756,976	34,445,000	599,311,976	5.44%
2008-09	31,152,790,422	2.00%	623,055,808	30,770,000	592,285,808	4.94%
2009-10	28,365,971,987	2.00%	567,319,440	26,925,000	540,394,440	4.75%
2010-11	24,611,610,456	2.00%	492,232,209	22,790,000	469,442,209	4.63%
2011-12	22,526,552,961	2.00%	450,531,059	20,625,000	429,906,059	4.58%

ORS 287A.105(1) provides a debt limit on revenue bonds of 1% of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.053.

Fiscal Year	Real Market Value	Debt Limit Rate	Debt Limit	Less Bonded Debt at June 30	Legal Debt Margin	(1)
2007-08	\$ 31,687,848,811	1.00%	\$ 316,878,488	\$ 19,955,000	\$ 296,923,488	6.30%
2008-09	31,152,790,422	1.00%	311,527,904	19,955,000	291,572,904	6.41%
2009-10	28,365,971,987	1.00%	283,659,720	19,655,000	264,004,720	6.93%
2010-11	24,611,610,456	1.00%	246,116,105	19,335,000	226,781,105	7.86%
2011-12	22,526,552,961	1.00%	225,265,530	18,995,000	206,310,530	8.43%

(1) Total net debt applicable to the limit as a percentage of debt limit.

Source: Current and prior years financial statements, Jackson County Assessor's office. See Schedule of Assessed Value and Actual Value of Taxable Property for value of property

Jackson County, Oregon
Pledged Revenue Coverage - Last Ten Fiscal Years

Fiscal Year	Revenue Bonds				
	Passenger Facility	Airport Hangar	Debt Service		Coverage
	Fund Receipts	Rental	Principal	Interest	
2002-03	\$ -	\$ 365,841	\$ 290,000	\$ 10,585	1.217097
2003-04	-	-	-	-	-
2004-05	-	-	-	-	-
2005-06	-	-	-	-	-
2006-07	-	-	-	-	-
2007-08	1,409,884	-	-	929,451	1.516900
2008-09	1,005,098	-	-	1,042,375	0.964238
2009-10	1,148,270	-	300,000	1,034,622	0.860371
2010-11	1,221,832	-	320,000	1,018,600	0.912769
2011-12	1,171,582	-	340,000	1,001,544	0.873309

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

Jackson County, Oregon
Demographic and Economic Statistics - Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(1) Personal Income</u>	<u>(1) Per Capita Personal Income</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
2002-03	183,797	\$4,994,073,000	\$ 27,172	29,515	7.9%
2003-04	186,567	5,203,090,000	27,889	29,253	6.4%
2004-05	189,469	5,508,909,000	29,076	28,950	6.5%
2005-06	191,697	5,770,881,000	30,104	29,057	5.7%
2006-07	194,087	6,072,400,000	31,287	29,114	5.7%
2007-08	196,165	6,619,201,000	33,743	28,901	6.3%
2008-09	198,346	6,824,926,000	34,409	28,367	11.0%
2009-10	200,298	6,911,440,000	34,506	27,967	12.3%
2010-11	201,286	6,907,021,000	34,314	28,451	12.2%
2011-12	203,454	6,951,654,000	34,168	28,175	11.0%

Data Sources:

- (1) Bureau of Economic Analysis - reflects most current data available at end of fiscal year. Historical data was revised in 2009 to incorporate the comprehensive revision of the National Income and Product Accounts Comprehensive revisions.
- (2) ODE website - October 1 enrollments
- (3) Oregon Labor Market Information System

Jackson County, Oregon
Principal Employers - Current Year

Employer		2012		Percentage of Total County Employment
		Employees	Rank	
Asante	(1)	3,676	1	4.91%
State of Oregon	(2)	2,338	2	3.12%
Harry & David Operations Corp.	(1)	2,000	3	2.67%
Federal Government	(2)	1,692	4	2.26%
Providence Medical Center	(1)	1,288	5	1.72%
Medford School District	(4)	1,157	6	1.55%
Jackson County	(3)	1,028	7	1.37%
Walmart	(4)	930	8	1.24%
Amy's Kitchen	(1)	680	9	0.91%
Pacific Retirement Services	(1)	650	10	0.87%
		<u>15,439</u>		<u>20.62%</u>

Source:

- (1) Southern Oregon Regional Economic Development, Inc. figures as from 2010 (estimates only).
- (2) Information from Oregon Employment Department Covered employees statistics (2010)
- (3) Number of employees paid Pay Period Ended 06/17/12.
- (4) Medford Chamber website (MedfordChamber.com)

Total employment figures were provided by Oregon Employment Department Covered employment statistics.
Principal employers from nine years ago was not available.

Jackson County, Oregon

Full-time Equivalent County Government Employees by Function/Program - Last Ten Fiscal Years

Function/Program	2002-03	(1) 2003-04	(2) 2004-05	2005-06	2006-07	(3) 2007-08	(4) 2008-09	(5) 2009-10	(6) 2010-11	(7) 2011-12
General Government	185.82	188.19	193.44	193.82	202.34	200.27	200.64	192.14	195.89	190.21
Library	96.73	87.18	87.50	87.96	87.92	9.50	3.60	3.60	3.60	3.60
Sheriff	169.00	163.00	195.00	178.00	179.00	170.50	175.00	183.25	183.00	183.00
Community Justice	139.06	142.83	152.01	151.00	140.00	134.00	139.00	141.00	138.00	131.50
Airport	15.96	34.75	35.75	37.75	38.75	38.75	38.75	40.75	40.75	40.75
Health and Human Services	256.48	239.74	234.87	236.39	230.92	205.63	197.95	203.90	207.75	233.50
Roads and Parks	195.51	195.51	140.27	139.30	140.00	124.45	122.75	117.75	118.00	113.00
Development Services			50.23	56.20	55.65	56.80	44.00	30.50	29.50	25.50
	1058.56	1051.20	1089.07	1080.42	1074.58	939.90	921.69	912.89	916.49	921.06

Source: Government Budget Office

- (1) The increase in Airport full-time equivalents reflects the addition of security personnel.
- (2) Development Services was previously combined with Roads and parks.
- (3) The loss of jobs in 07/08 is mostly due to the loss of Federal O&C Funds. The county contracted with a service to operate the libraries at a reduced service.
- (4) The reduction in Development Services reflects layoffs necessary due to the reduction in construction activity.
- (5) The 2.0 FTE increase in Airport is due to the addition of two maintenance workers which will allow coverage 24 hours per day/7 days per week in order to meet FAA mandates for inspections and wildlife management control. The 13.5 FTE decrease in Development Services is due to continued workload reductions as a result of the reduction in construction activity. Vacant Code Enforcement officer position was not filled; Inspectors were cross-trained in order to reduce staffing.
- (6) Increase in General Government FTE was due to addition of direct support positions in the Information Technology department.
- (7) Increase in Health & Human Services was due to increases in state funding for mental health services.

Jackson County, Oregon
Operating Indicators by Function - Last Ten Fiscal Years

Function/Program	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General Government										
Registered Voters	108,352	110,410	119,495	113,997	111,390	116,097	117,609	114,339	113,826	114,629
Legal documents recorded	70,162	87,519	75,655	79,001	65,207	57,675	45,962	48,392	43,106	40,603
Residential Building Permits Issued	(1)	734	778	672	602	468	300	239	215	239
Commercial Building Permits Issued	(1)	49	63	60	57	40	21	23	23	27
Library (2)										
Volumes in collection	551,725	581,265	614,806	695,620	611,292	603,223	611,488	645,317	612,232	640,271
Items checked out, checked in, & reshelfed	1,293,713	1,271,177	1,383,438	1,444,813	1,100,926	832,139	1,411,767	1,528,568	1,594,623	1,645,925
Reference questions answered	214,838	221,091	220,039	220,233	175,058	107,622	142,649	150,670	143,648	141,271
Children's programs	1,302	1,214	1,557	1,619	1,183	807	1,488	2,242	2,407	2,417
Persons attending children's programs	28,340	30,450	36,261	36,024	23,092	20,244	37,279	46,923	46,581	44,979
Adult programs	630	359	496	486	327	196	412	354	606	701
Persons attending adult programs	15,546	10,966	10,860	12,831	9,540	3,916	10,045	9,119	9,204	9,471
Items delivered to homebound	33,882	28,868	28,102	29,268	21,639	4,429	7,644	494	6668	7552
Sessions booked on computer workstations	(1)	108,000	241,014	(1)	137,957	99,198	180,936	179,061	175,682	161,877
Public meetings held in library community meeting rooms	750	1,845	3,048	4,127	2,847	2,125	3,649	4,326	4,001	4,242
Sheriff										
Traffic Citations Issued	3,057	4,669	4,907	7,288	6,465	9,542	9,200	10,689	9,820	14,322
Incidents responded to	24,224	30,016	29,695	29,083	27,565	29,093	23,791	22,393	24,856	26,335
Community Justice										
Work Center Intakes	773	862	975	1,089	2,133	2,163	2,293	2,438	2,874	3,253
Work Crews	1,990	2,180	2,389	2,212	2,222	2,190	2,260	2,108	2,012	1,793
Juvenile Detention Admissions	887	923	1,033	1,347	1,203	1,194	904	849	939	744
Juvenile Detention Avg Daily Populations	22	21	21	33	32	29	94	31	28	24
Juvenile Shelter & Youth Care Center Admissions	198	284	372	319	403	226	108	125	134	95
Juvenile Shelter & YCC Avg Daily Populations	11	13	12	12	28	11	44	16	12	13
Airport										
Daily Arrivals & Departures (July)	42	54	56	64	69	62	48	44	46	46
Total passengers	476,444	506,435	563,179	594,265	624,173	646,410	574,109	618,484	636,932	620,005
Total operations (take-offs and landings)	61,311	61,987	58,727	62,251	59,604	54,372	47,823	46,513	45,268	41,296

(Continues)

Jackson County, Oregon
Operating Indicators by Function - Last Ten Fiscal Years (Continued)

Function/Program	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Health & Human Services										
Animal shelter-dogs and cats taken in	6,200	6,444	6,410	7,180	6,807	6,542	5,727	5,800	5,157	4,878
Licensed dogs	21,330	21,579	22,000	22,500	22,300	20,120	21,000	20,355	20,560	20,870
Mental Health clients served	3,356	3,089	3,289	3,480	3,553	3,824	4,526	3,534	4,576	4,973
Family planning patients served	3,426	5,563	5,247	4,733	640	831	5,005	8195	5025	(1)
Veterans' Office interviews conducted	3,754	3,474	3,347	3,973	3,832	4,179	5,145	5010	5862	6289
Roads, Parks & Planning:										
Pavement Condition Index rating (goal is 80)	80	80	78	77	77	75	75	75	75	69
RV Reservations	370	307	447	1080	1098	414	405	511	864	799
Day use passes sold	32,624	26,689	30,883	30597	31881	26,553	28,658	27,183	27,431	32,748
Seasonal passes sold	1,788	1,777	1,661	1661	1742	1,526	1,766	1,811	1,692	1,877
Fairgrounds & Exposition Park:										
Attendance at Fair	152,000	210,000	149,770	152,000	147,789	152,360	149,000	146,300	86,000	90,596
Attendance at Interim events	210,000	210,000	161,545	213,000	164,421	209,355	165,310	167,247	181,262	176,150
Facility Use Days	701	750	925	1,113	1,144	1,219	1,321	1,075	728	639

Source: Records kept by county departments unless otherwise noted.

- (1) Program existed, but statistics not available.
(2) All Jackson County Libraries were closed April 6, 2007 due to the expiration of PL 106-393, which had provided Jackson County \$23 million in Federal revenue. They were reopened in November 2007 and are being operated by a subcontractor.

Jackson County, Oregon
Capital Asset Statistics by Function - Last Ten Fiscal Years

Function/Program	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Library										
Open Libraries (1)	15	15	15	15	0	15	15	15	15	15
Sheriff										
Jail Beds Available	190	190	190	230	230	230	230	230	230	230
Community Justice										
Youth Shelter Beds	15	15	15	15	15	16	15	15	15	15
Juvenile Detention Beds	20	40	40	40	40	40	40	40	40	40
Work Center Beds	62	72	156	156	156	156	156	158	169	169
Airport										
Runway Length (feet)	8800	8800	8800	8800	8800	8800	8800	8800	8800	8800
Health & Human Services										
Public Health Center sq ft	10985	20516	19070	19070	19070	19070	19070	19070	16833	16833
Mental Health Center sq ft	13077	17212	17569	17569	17569	17569	17569	17569	21874	21874
Roads, Parks & Planning										
Campsites in county campgrounds	604	605	605	605	605	605	605	610	610	621
Motorpool fleet vehicles	194	196	210	227	243	293	273	292	268	288
Miles of roads:										
Surfaced	750	750	747	748	749	766	767	767	767	765
Gravel	166	165	165	163	164	164	164	164	164	164
Unimproved	37	39	40	75	75	75	75	75	75	77
Total roads	953	954	952	986	988	1005	1006	1006	1006	1006
Concrete, steel and timber bridges	329	329	324	324	351	345	345	343	343	343

(1) All Jackson County Libraries were closed April 6, 2007 due to the expiration of PL 106-393, which had provided Jackson County \$23 million in Federal revenue. They were reopened in November 2007 and are being operated by a subcontractor.

Note: No capital asset indicators are available for the general government function.

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), and the county's continuing disclosure certificates for its bond issues, the following information is provided.

Jackson County is required to file material events notices to nationally recognized municipal securities information repositories. Management believes there are no material events requiring filing as of the date of this report.

FINANCIAL INFORMATION

Basis of Accounting and Awards

Modified accrual accounting is utilized for all governmental fund types and agency funds. All other funds utilize the accrual basis of accounting. The County's accounting practices conform to generally accepted accounting principles (GAAP), and with the standards of financial reporting developed by the Government Finance Officers Association of the United States and Canada and the Government Accounting Standards Board. The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to Jackson County for the fiscal years ending 1983 through 2011. In addition, the GFOA has awarded Jackson County its Distinguished Budget Presentation Award for fiscal years ending 1984 through 2011.

Fiscal Year

July 1 through June 30.

Audits

In accordance with the Oregon Municipal Audit Law (ORS 297.405 - 297.555 and 297.990) an audit is conducted at the end of each Fiscal Year by independent certified public accountants. This requirement has been complied with and the financial statements have received an "unqualified opinion" from the auditors. Such an opinion indicates there was no limitation on the scope of the auditor's examination and the financial statements were prepared in accordance with generally accepted accounting principles.

The County's audit for Fiscal Year 2011-12 was performed by Moss-Adams LLP, 221 Stewart Avenue, Suite 301, Medford, OR 97501.

General Fund Financial Information

DISCLOSURE TABLE 1 -- Five-Year General Fund Statement of Revenues and Expenditures

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues					
Intergovernmental revenue	\$30,024,153	\$30,451,272	\$27,387,752	\$26,884,783	\$18,753,434
Charges for services	10,573,020	9,332,153	8,917,256	8,496,776	8,919,967
Licenses and permits	43,020	42,750	40,470	188,390	192,380
Fines and Forfeitures	1,437,070	1,807,847	1,784,477	1,932,210	1,937,502
Taxes	27,418,941	28,535,701	30,365,444	31,630,702	32,219,648
Interest income	3,172,422	2,426,651	1,896,609	1,530,661	1,034,952
Miscellaneous	1,929,456	844,073	404,615	369,650	535,760
Total revenues	74,598,082	73,440,447	70,796,623	71,033,172	63,593,643

(Continues)

	2007-08	2008-09	2009-10	2010-11	2011-12
Expenditures					
Current					
General government	\$4,510,096	\$4,776,138	\$5,075,345	\$9,011,822	5,636,439
Elections & recording	1,380,948	1,402,968	1,257,784	1,277,592	1,220,067
Community justice & safety	40,528,749	40,717,366	42,355,622	44,486,706	44,967,172
Culture & recreation	3,754,211	5,413,633	5,436,403	5,609,020	5,694,798
Planning, development & natural resources	5,440,049	4,948,722	4,000,147	3,947,137	4,058,179
Total expenditures	55,614,053	57,258,827	58,125,301	64,332,277	61,576,655
Excess of revenues over (under) expenditures	18,984,029	16,181,620	12,671,322	6,700,895	2,016,988
Other financing sources (uses)					
Transfers in	224,534	700,865	359,145	503,269	1,408,989
Transfers (out)	(6,701,188)	(10,436,846)	(7,031,151)	(8,713,065)	(25,406,146)
Total other financing Sources (uses)	(6,476,654)	(9,735,981)	(6,672,006)	(8,209,796)	(23,997,157)
Excess of revenues and Other sources over (under) expenditures and other uses	12,507,375	6,445,639	5,999,316	(1,508,901)	(21,980,169)
Fund Balance Beginning July 1	48,002,943	60,510,318	66,955,957	72,955,273	71,446,372
Fund Balance Ending June 30	\$60,510,318	\$66,955,957	\$72,955,273	\$71,446,372	\$49,466,203

Source: 2007-08 through 2011-12 derived from audited annual financial statements.

DISCLOSURE TABLE 2 -- Five-Year General Fund Consecutive Balance Sheets

	2007-08	2008-09	2009-10	2010-11	2011-12
Assets and Other Debits					
Cash and Investments	\$60,845,826	\$66,020,993	\$69,522,884	\$68,505,187	\$46,545,624
Receivables:					
Property Taxes	1,700,980	2,112,749	2,317,006	2,506,326	2,523,350
Investment Income	2,142,962	1,659,206	1,988,688	2,888,019	1,335,814
Accounts	1,440,070	2,503,264	2,289,137	1,971,594	2,465,934
Deposits and prepaid items	76,711	266,277	216,902	247,300	20,997
Due from other funds	1,296,533	1,726,533	3,071,549	2,340,034	3,746,523
Total assets and other debits	\$67,485,082	\$74,289,022	\$79,406,166	\$78,458,460	\$56,638,243

(Continues)

	2007-08	2008-09	2009-10	2010-11	2011-12
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$868,113	\$411,217	\$550,111	\$807,633	\$693,323
Accrued payroll, withholdings and benefits	3,953,625	4,457,593	2,926,810	3,353,457	3,865,605
Due to other funds	403,257	637,622	733,496	699,558	375,594
Compensated absences					
Deferred revenue	1,534,202	1,640,548	2,053,584	1,967,513	2,043,210
Retainages and other liabilities	215,567	186,085	186,892	183,927	194,308
Total liabilities	6,974,764	7,333,065	6,450,893	7,012,088	7,172,040
Fund Balance:					
Nonspendable	550,165	1,418,653	1,358,650	1,369,154	1,119,904
Restricted	439,874	402,057	422,017	1,228,979	624,838
Assigned	116,393	2,299,436	2,269,476	23,557,412	13,490,187
Unassigned	59,403,886	62,835,811	68,905,130	45,290,827	34,231,274
Total fund balance	60,510,318	66,955,957	72,955,273	71,446,372	49,466,203
Total liabilities and fund balance	\$67,485,082	\$74,289,022	\$79,406,166	\$78,458,460	\$56,638,243

Source: 2007-08 through 2011-12 derived from audited annual financial statements. Fund balances for 2007-08 through 2009-10 have been restated to comply with GASB Statement No. 54, which was implemented in 2010-11.

Accrued Vacation

County employees may accrue vacation time and receive reimbursement upon termination of employment. As of June 30, 2012, the total accrued vacation liability and related payroll expenses in the General Fund and Other Funds was \$4,490,834; \$2,104,194, or 47% of the accrued vacation liability is funded.

Deposits and Investments

ORS 294 authorizes the County to invest in Bonds of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, commercial paper, repurchase agreements, State of Oregon Local Government Investment Pool and various interest-bearing bonds of Oregon municipalities. The County's investment policy prohibits the County from leveraging or borrowing funds to make investments.

The County's Investment Policy specifies the County's investment objectives, required diversification, certain limitations and reporting requirements. The County held the following cash deposits and investments at June 30, 2012.

DISCLOSURE TABLE 3 -- Cash Deposits and Investments

	Market Value	Cost
U.S. Government agency securities	\$ 59,014,814	\$ 56,501,654
Corporate paper	34,944,540	36,909,244
Local Government Investment Pool	3,392,815	3,342,531
Repurchase agreements	1,424,273	1,424,273
Deposits with Financial Institutions	48,967,495	49,441,207
Total cash and investments	\$147,743,937	\$147,743,934

Source: Jackson County Finance Department

Total Market Value Cash Deposits and Investments corresponds to Cash and Investments as reported in the statement of net assets using the government-wide financial reporting model.

(Continues)

DEBT INFORMATION

DISCLOSURE TABLE 4 -- Debt Ratios¹

	Values	Per Capita	Percent of RMV
2012 estimated population	203,454		
2011-12 Real Market Value (RMV)	\$22,526,552,961	\$110,721	
Gross Direct Debt ²	\$20,625,000	\$101	.092%
Net Direct Debt ³	\$20,625,000	\$101	.092%
Net Overlapping Debt	\$357,816,682	\$1,758	1.59%
Net Direct Debt and Net Overlapping Debt	\$378,441,682	\$1,860	1.68%

1. Outstanding and overlapping debt information are calculated as of June 30, 2012. The overlapping debt calculation was performed by the Municipal Debt Advisory Commission of the State of Oregon Treasurer's Office. The County also administers an urban renewal agency; the agency has outstanding tax increment debt which is not an obligation of the County. The county also administers a LID (Bancroft) bond.
2. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other bonds, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.
3. Net Direct Debt is Gross Direct Debt less bonds or leases paid from non-tax sources.

Source: Jackson County, Oregon State Treasury

Debt Limitations

Limitations Applicable to General Obligation Bonds

General Obligation Bonds (voter approved)

ORS 287A.100(2) limits indebtedness for general obligation bonds by counties to two percent of the latest Real Market Value of the County, subject to voter authorization.

2011-12 RMV	\$22,526,552,961
Debt limitation (2.00 % of RMV)	450,531,059
Applicable bonded debt	20,625,000
Debt margin	429,906,059
% of limit issued	4.58%

Limitations Applicable to Revenue Bonds

ORS 287A.105(1) limits revenue bond indebtedness by counties to one percent of the latest Real Market Value of the County.

2010-11 RMV	\$22,526,552,961
Debt limitation (1.00 % of RMV)	225,265,530
Applicable bonded debt	18,995,000
Debt margin	206,270,530
Percent of limit issued	8.43%

Debt Management

The County has never defaulted on any debt or lease obligation.

Debt Authorization and Future Financing Plans

The County has no current plans to issue additional general obligation debt.

(Continues)

DISCLOSURE TABLE 5 -- Outstanding Bonds ¹

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding: As of 06/30/12
General Obligation Bonds (voted)				
Series 2006 Library Refunding Bonds	4/5/06	6/1/20	12,730,000	10,415,000
Series 2010 Library Refunding Bonds	12/29/10	6/1/20	10,300,000	10,210,000
Total Voted GO Bonds			\$23,030,000	\$20,625,000
Certificates of Participation (subject to annual appropriation)				
Total COPs				0
Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)				
Total FF&C				0
Leases and Contracts				
Total Contracts				0
Total Net Direct Debt²			\$23,030,000	\$20,625,000
Limited Tax Bonds Paid from Non-Tax Sources				
Total Limited Tax Bonds				0
Total Gross Direct Debt³			\$23,030,000	\$20,625,000
Short Term Debt				
				0

1. The County also administers an urban renewal agency; the agency has outstanding tax increment debt which is not an obligation of the County. The County also administers a LID (Bancroft) bond.
2. Net Direct Debt is all Gross Direct Debt directly paid from tax sources.
3. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.

Source: Jackson County Finance Department

The following table presents the outstanding debt service and the debt service on the Bonds.

DISCLOSURE TABLE 6 -- Property Tax Supported Debt Service Payment Obligations

Fiscal Year	Series 2002		Series 2005		Series 2010		Total	Assessed Value	Tax Rate ²
	Principal	Interest	Principal	Interest	Principal	Interest			
2011-12	\$ 1,075,000	\$ 43,000	\$ 1,065,000	\$ 446,965	\$ 25,000	\$ 387,100	\$ 3,042,065	\$ 16,178,756,316	0.1835
2012-13			1,110,000	404,365	1,140,000	386,600	3,040,965	16,340,543,879	0.1865
2013-14			1,165,000	359,965	1,175,000	352,400	3,052,365	16,503,949,318	0.1854
2014-15			1,215,000	313,365	1,205,000	317,150	3,050,515	16,668,988,811	
2015-16			1,270,000	264,765	1,240,000	281,000	3,055,765		
2016-17			1,320,000	217,775	1,285,000	231,400	3,054,175		
2017-18			1,380,000	168,275	1,335,000	180,000	3,063,275		
2018-19			1,445,000	116,525	1,385,000	126,600	3,073,125		
2019-20			1,510,000	60,400	1,445,000	64,275	3,079,675		
2020-21			-	-	-	-	-		
	\$ 1,075,000	\$ 43,000	\$ 11,480,000	\$ 2,352,400	\$ 10,235,000	\$ 2,326,525	\$ 27,511,925		

(Continues)

1. 2011-12 principal and interest payments were made prior to June 30, 2012.
2. For Fiscal Year 2011-12, the tax rate per \$1,000 was based on data provided by the Jackson County Assessor's Office. The projected tax rates for fiscal years 2012-13 through 2014-15 are estimates and have not been reviewed by the Assessor's Office. The AV is the assessed valuation used to calculate the tax rate, not reflecting the growth in the urban renewal areas. The Total Assessed Value of all taxable property within Jackson County including urban renewal is \$16,434,482,697.

Source: Jackson County

Tax Information

Property tax administration is governed by the Oregon Constitution, the State's taxation laws, and regulations of the State Department of Revenue, and includes the process of assessment, equalization, levy and collection of taxes. A tax limitation measure ("Ballot Measure 50") that affected property tax collections was approved by the voters in May, 1997. The implementing legislation changed the property tax administration system substantially, including changes to levy rates, assessments and equalization.

DISCLOSURE TABLE 7 -- Tax Collection Record¹

Fiscal Year	Assessed Valuation ²	Percent Change	Total Levy	Percent Change	Tax Rate/ \$1000 ³	Percent Collected Yr. of Levy	Percent Collected As of 6/30/12
2002-03	11,124,191,848	4.9%	25,608,614	4.4%	2.4196	95.3	100.0
2003-04	11,677,455,461	5.1%	28,220,109	10.1%	2.5323	94.3	100.0
2004-05	12,322,639,434	5.7%	29,391,858	4.1%	2.4999	94.5	100.0
2005-06	13,015,924,675	10.8%	28,522,256	-2.9%	2.1895	96.9	99.9
2006-07	13,828,782,214	6.2%	30,029,328	5.2%	2.1698	96.6	99.9
2007-08	14,687,854,640	6.1%	31,856,689	6.1%	2.1689	94.0	99.8
2008-09	15,391,944,850	6.2%	34,600,952	8.6%	2.3433	96.2	99.4
2009-10	15,896,213,798	3.3%	37,349,034	7.9%	2.3674	94.2	98.5
2010-11	16,236,519,416	2.1%	37,537,969	.5%	2.3276	95.3	97.9
2011-12	16,434,482,697	-1.0%	35,947,963	-1.0%	2.2056	94.5	94.5

1. Table 7 includes general operating and debt service taxes. Special district and urban renewal taxes are not included.
2. The Assessed Value is not the Real Market Value but a generally lower Assessed Value for tax purposes. The Real Market Value for 2011-12 is \$22,526,552,961. Currently the Assessed Value is limited to a 3% maximum annual increase plus new growth before tax rates are applied because of Measure 50. See "Property Tax Limitation" herein. The AV is the assessed valuation used to calculate the tax rate, not reflecting the growth in the urban renewal areas. The Total Assessed Value of all taxable property within Jackson County including urban renewal is \$16,434,482,697.
3. The Jackson County permanent rate per \$1,000 assessed value is \$.20099. Differences since 1997-98 reflect offsets which the Assessor's office factors into its calculations as well as debt service levies for general obligation bonds, which are outside of the permanent rate.

Source: Jackson County Assessor's Office and prior year financial statements

(Continues)

DISCLOSURE TABLE 8 -- Principal Taxpayers in Jackson County 2011-12

Taxpayer Account	Type of Business	2011-12 Taxes Imposed	2011-12 Assessed Valuation	Percentage of Total Assessed Valuation¹
Pacificorp	Utility	\$2,567,332	\$228,837,000	1.39%
Rogue Valley Manor	Retirement Homes	1,137,265	81,441,780	0.50
Carestream Health Inc.	Imaging Media	1,030,591	71,299,770	0.43
Avista Corp DBA Avista Utilities	Utility	992,875	70,662,800	0.43
Harry & David Operations Inc	Retail/Agricultural/Mail Order	857,173	77,920,357	0.47
Rogue Valley Mall LLC	Shopping Mall	853,297	54,455,890	0.33
Charter Communications	Cable/Communications	834,748	54,173,200	0.33
Qwest Corporation	Utility	760,356	52,557,300	0.32
Biomass One Ltd Partnership	Recycling/Energy Prod.	647,308	42,418,500	0.26
KRC Medford Center LLC	Property Management	524,872	33,496,440	0.20
Kogap Enterprises Inc	Property Management	511,025	34,452,158	0.21
Lithia Real Estate Inc	Property Management	497,516	31,750,880	0.19
Boise Cascade Wood Products LLC	Wood Products	420,269	32,468,118	0.20
Wal-Mart Real Estate Business	Property Management	374,195	24,050,510	0.15
AT&T Inc	Communications	363,401	24,853,700	0.15
Certainteed Corporation	Manufacturing	352,759	24,405,940	0.15
Table Rock Group LLC	Food Processor	351,071	24,590,678	0.15
Asante	Health Care	350,551	22,673,260	0.14
Meriwether Southern Oregon	Property Management	337,916	19,882,760	0.12
Boise Building Solutions Manu	Wood Products	334,366	23,005,657	0.14
Totals		\$14,098,886	\$1,029,396,698	6.26%

1. The 2011-12 Assessed Valuation (AV), excluding the growth increment in urban renewal, is \$16,434,482,697 for Jackson County; the Real Market Valuation is \$22,526,552,961. The AV is the assessed valuation used to calculate the tax rate.

Source: Jackson County Assessor's Office

(Continues)

DISCLOSURE TABLE 9 – Airport Obligations and Debt Service Coverage

Outstanding Obligations

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding: As of 06/30/12
Airport Revenue Bonds				
Series 2007A	7/10/07	12/1/37	\$13,480,000	\$13,480,000
Series 2007B	7/10/07	12/1/23	6,475,000	5,515,000
Total Airport Revenue Bonds			\$19,955,000	\$18,995,000

Debt Service

Fiscal Year	Series 2007A			Series 2007B		
	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
2013	\$ -	\$ 707,700	\$ 707,700	\$ 355,000	\$ 275,881	\$ 630,881
2014	-	707,700	707,700	375,000	257,016	632,016
2015	-	707,700	707,700	395,000	237,116	632,116
2016	-	707,700	707,700	415,000	216,181	631,181
2017	-	707,700	707,700	435,000	194,216	629,216
2018	-	707,700	707,700	460,000	171,088	631,088
2019	-	707,700	707,700	485,000	146,666	631,666
2020	-	707,700	707,700	510,000	120,950	630,950
2021	-	707,700	707,700	540,000	93,813	633,813
2022	-	707,700	707,700	560,000	65,384	625,384
2023	-	707,700	707,700	595,000	35,534	630,534
2024	235,000	701,531	936,531	390,000	10,078	400,078
2025	660,000	678,038	1,338,038	-	-	-
2026	695,000	642,469	1,337,469	-	-	-
2027	730,000	605,063	1,335,063	-	-	-
2028	770,000	565,688	1,335,688	-	-	-
2029	810,000	524,213	1,334,213	-	-	-
2030	855,000	480,506	1,335,506	-	-	-
2031	900,000	434,438	1,334,438	-	-	-
2032	950,000	385,875	1,335,875	-	-	-
2033	1,000,000	334,688	1,334,688	-	-	-
2034	1,055,000	280,744	1,335,744	-	-	-
2035	1,110,000	223,913	1,333,913	-	-	-
2036	1,175,000	163,931	1,338,931	-	-	-
2037	1,235,000	100,669	1,335,669	-	-	-
2038	1,300,000	34,125	1,334,125	-	-	-
	<u>\$ 13,480,000</u>	<u>\$ 13,940,591</u>	<u>\$ 27,420,591</u>	<u>\$ 5,515,000</u>	<u>\$ 1,823,923</u>	<u>\$ 7,338,923</u>

(Continues)

Debt Service Coverage

Funds Available for Debt Service:

Airport operating revenues:	
Charges for services	\$ 7,145,941
Other operating revenues	29,927
Total airport operating revenues	7,175,868
Airport operating expenses, excluding depreciation	5,073,840
Net airport operating revenues	2,102,028
Airport nonoperating revenues:	
Passenger facility charges	1,171,582
Interest revenue, excluding \$4,338 earned on debt service reserve and construction fund	255,695
Airport funds available for debt service	3,529,305

Debt Service Coverage Calculation, Current Net DS

Debt service, Series 2007 A&B Bonds	\$ 1,341,544
Demonstrated debt service coverage ratio	2.63
Required debt service coverage ratio	1.25

Debt Service Coverage Calculation, Net MADS

Maximum annual debt service, Series 2007 A&B Bonds	\$ 1,225,600
Demonstrated debt service coverage ratio	2.88
Required debt service coverage ratio	1.25

Disclosures in accordance with Government Auditing Standards and OMB Circular A-133



REPORT OF INDEPENDENT AUDITORS 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*

The Board of County Commissioners
Jackson County, Oregon

We have audited the financial statements of Jackson County, Oregon (the County) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, Board of County Commissioners, the Secretary of State, Divisions of Audits of the State of Oregon, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 18, 2012



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON THE
PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of County Commissioners
Jackson County, Oregon

Compliance

We have audited the Jackson County, Oregon's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We have also audited Jackson County, Oregon's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2012. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and its passenger facility charge program is the responsibility of County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Guide. Those standards, OMB Circular A-133 and the Guide 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 and the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and the passenger facility program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, 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 the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

The purpose of this report is solely to provide an opinion on compliance and internal control with the requirements referred to above that could have a direct and material effect on each of the County's major federal programs and its passenger facility charge program and the results of that testing for the year ended June 30, 2012 and not to provide an opinion on the effectiveness of the County's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Circular A-133 in considering the County's compliance and internal control with the requirements referred to above. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 18, 2012

Jackson County, Oregon

Schedule of Expenditures of Federal Awards and Passenger Facility Charges
For the fiscal year ended June 30, 2012

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	State Pass-thru Number	Program or Award Amount	Accrued or (Deferred) Revenue at July 1, 2011	Receipts	Disbursements/ Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Department of Agriculture</u>							
Forest Service:							
Direct programs:							
Drug Enforcement - Forest Patrol	10.unknown	N/A	\$ 74,997	\$ -	\$ 74,997	\$ 74,997	\$ -
Secure Payments for States and Counties Containing Federal Lands							
Title II - County Projects	10.665	None	346,087	-	346,087	346,087	-
Passed through Oregon Department of Education:							
National School Breakfast Program	10.553	**	21,964	1,602	20,011	21,964	3,555
National School Lunch Program	10.555	**	39,741	2,964	36,248	39,741	6,457
Passed through Oregon Department of Administrative Services:							
Secure Payments for States and Counties							-
Containing Federal Lands	10.665	None					-
Title I - Secure Payments - Fed Forest Receipts			1,470,871	-	1,470,871	1,470,871	-
Title III - County Projects			-	(1,087,896)	-	466,701	(621,195)
Schools and Roads - Grants to Counties							
Title I - Secure Payments			-	-	490,290	490,290	-
Passed through Oregon Department of Human Services-Health Division:							
Special Supplemental Food Program for Women, Infants and Children	10.557	280559	13,981	93,685	107,666	13,981	-
Passed through Oregon Health Authority-							
Special Supplemental Food Program for Women, Infants and Children	10.557	280559	1,128,460	-	1,028,118	1,128,460	100,342
WIC - Grants to States	10.578	None	31,078	-	14,022	31,078	17,056
Total U.S. Department of Agriculture			3,127,179	(989,645)	3,583,310	4,084,170	(493,785)
<u>U.S. Department of Commerce</u>							
Direct programs:							
Habitat Conservation							
NOAA - Open Rivers Initiative (ORA)	11.463	N/A	118,426	6,929	125,355	118,426	-
NOAA - Fisheries Habitat Conservation Program	11.463	N/A	39,936	3,492	43,428	39,936	-
Total U.S. Department of Commerce			158,362	10,421	168,783	158,362	-
<u>U.S. Department of The Interior</u>							
Bureau of Land Management:							
Direct programs:							
Secure Rural Schools and Community Self- Determination Act of 2000	15.unknown	N/A					
Title I - Secure Payments			4,901,992	-	4,901,992	4,901,992	-
Title II - Special Projects			865,057		865,057	865,057	-
Title III - County Projects			1,328,303	(3,096,320)	-	1,328,303	(1,768,017)
Federal Entitlement Lands	15.226	N/A	303,896		303,896	303,896	-
Drug Enforcement - Marijuana Eradication	15.unknown	N/A	8,240	-	-	8,240	8,240
Recreation Area Law Enforcement Patrol	15.unknown	N/A	191,550	34,325	142,788	191,550	83,087
Bureau of Reclamation:							
Direct programs:							
Water Reclamation and Reuse Program	15.504		91,300	6,022	97,322	91,300	-
Water 2025 Challenge Grant	15.507	N/A	100,507	-	93,038	100,507	7,469
Passed through Oregon Department of Administrative Services:							
Distribution of Receipts to State and Local Governments - Taylor Grazing	15.227	N/A	551	-	551	551	-
Passed through Oregon State Marine Board:							
Federal Clean Vessel Act Program	15.616	None	3,375	-	3,375	3,375	-
Total Department of The Interior			7,794,771	(3,055,973)	6,408,019	7,794,771	(1,669,221)

Jackson County, Oregon

Schedule of Expenditures of Federal Awards and Passenger Facility Charges (Continued)
For the fiscal year ended June 30, 2012

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	State Pass-thru Number	Program or Award Amount	Accrued or (Deferred) Revenue at July 1, 2011	Receipts	Disbursements/ Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Department of Justice</u>							
Direct Programs:							
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	\$ 49,442		\$ 49,442	\$ 49,442	\$ -
ARRA - Collection / Accountability Grant	16.804	N/A	61,149	16,817	63,311	61,149	14,655
Domestic Violence Grant	16.590	**					
Community Justice			179,282	40,000	172,049	179,282	47,233
District Attorney			22,837	5,090	21,289	22,837	6,638
Passed through Oregon Department of Justice:							
Grants to Encourage Arrest Policies:							
Victims of Crime Acts	16.575	**	58,775	13,856	56,242	58,775	16,389
Byrne Grant - State/Local Law							
Enforcement Assistance	16.580	None	126,487	-	126,487	126,487	-
Stop Violence Against Women	16.588	None	67,780	14,547	65,274	67,780	17,053
Edward Byrne Memorial Justice Assistance							
Grant Program:	16.738	None					
Byrne Grant - Justice Assistance Grant (JAG)			124,489	-	124,489	124,489	-
ARRA - Edward Byrne Memorial Justice Assistance	16.803	None					
Grant - Grants to States and Territories			374,504	-	273,346	374,504	101,158
Passed through OF: Commission on Children & Families:							
JAIBG - Juvenile Accountability Incentive Block							
Block Grant	16.523	05-614	20,318	4,000	19,238	20,318	5,080
Passed through OF: State Police							
HIDTA-High Intensity Drug Traffic Area-Sheriff							
	16.595	IOPORP501	5,477	-	5,477	5,477	-
Total U.S. Department of Justice			1,090,540	94,310	976,644	1,090,540	208,206
<u>U.S. Department of Transportation</u>							
Direct programs:							
Airport Improvement Program:							
AIP 3-41-0037-36	20.106	N/A	295,006	73,159	368,017	295,006	148
AIP 3-41-0037-37		N/A	1,232,496	-	1,214,918	1,232,496	17,578
Passed through Oregon State Sheriffs Association:							
Alcohol Traffic Safety and Drunk Driving							
Prevention Incentive	20.601	None	24,731	-	21,242	24,731	3,489
Occupant Protection	20.602	None	17,889	-	15,292	17,889	2,597
Passed through Oregon State Department of Transportation:							
State and Community Highway Safety							
	20.600	None	5,691	1,571	1,864	5,691	5,398
Federal Aid Highway Program	20.205	None	104,754	12,330	111,075	104,754	6,009
National Motor Carrier Safety	20.218	None	4,777	-	4,777	4,777	-
Total U.S. Department of Transportation			1,685,344	87,060	1,737,185	1,685,344	35,219
<u>U.S. Environmental Protection Agency</u>							
Passed through Oregon Department of Human Services -							
Health Division:							
State Public Water System Supervision							
Program Grants	66.432	280555	42,008	-	42,008	42,008	-
Drinking Water-State Revolving Fund	66.468	280555	28,017	-	28,017	28,017	-
Total U.S. Environmental Protection Agency			70,025	-	70,025	70,025	-
<u>U.S. Department of Education</u>							
Passed through Oregon Department of Human Services:							
Drug Free Schools - Prevention AD70							
	84.186	15-001	55,000	-	55,000	55,000	-
Total Department Education			55,000	-	55,000	55,000	-

Jackson County, Oregon

Schedule of Expenditures of Federal Awards and Passenger Facility Charges (Continued)
For the fiscal year ended June 30, 2012

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	State Pass-thru Number	Program or Award Amount	Accrued or (Deferred) Revenue at July 1, 2011	Receipts	Disbursements/ Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
U.S. Department of Health and Human Services							
Passed through Health Care Coalition of Southern Oregon							
HCCSO - Healthy Start Initiative	93.926	None	\$ 132,268	\$ -	\$ 132,268	\$ 132,268	\$ -
Passed through Oregon Department of Justice - Child Support Enforcement -	93.563	None	399,064	102,043	401,116	400,204	101,131
Passed through Oregon Health Sciences University - Maternal and Child Health Services Block Grant	93.994	None	16,822	-	16,822	16,822	-
Passed through Oregon Office for Services to Children & Families -							
Social Services Block Grant	93.667	None	218,528	9,022	227,550	218,528	-
Foster Care - Title IV-E	93.658	None	5,600	-	5,600	5,600	-
Promotion of Safe and Stable Families							
Family Preservation & Support	93.556	None	50,258	-	50,258	50,258	-
Medical Assistance Program	93.778	None	40,091	-	28,739	40,091	11,352
Passed through Oregon Health Authority-							
Public Health Emergency Preparedness	93.069	280618	111,866	-	111,866	111,866	-
Environmental Public Health & Emergency Response							
Cooperative Agreements	93.070	None	14,568	-	14,568	14,568	-
Affordable Care Act Personal Responsibility Education							
Cuidate Grant	93.092	None	45,562	-	45,562	45,562	-
Project Grants and Cooperative Agreements for							
Tuberculosis Control Programs	93.116	15-02	1,320	-	1,320	1,320	-
Family Planning Services - Title X	93.217	280558	117,635	-	104,613	117,635	13,022
Substance Abuse & MH Services- Youth Suicide							
Prevention	93.243	None	35,824	-	35,824	35,824	-
Disease Control & Prevent-Investigate & Technical							
Assistance:							
Tobacco Related Chronic Disease	93.283	None	59,942	-	49,920	59,942	10,022
Acquired Immunodeficiency Syndrome (AIDS) Activity:							
HIV Prevention	93.940	None	39,194	-	39,194	39,194	-
Community Mental Health Services Block Grant:	93.958	112001					
Non-Residential Adult (MHS20)			82,385	-	82,385	82,385	-
Community Treatment (MED22)			26,231	-	26,231	26,231	-
Substance Abuse Prevention & Treatment Block Grant:	93.959	135001					
Resident Drug AD62			40,278	-	40,278	40,278	-
Continuum of Care (66)			460,556	-	460,556	460,556	-
Substance Abuse Residential AD67			245,891	-	245,891	245,891	-
Prevention AD70			77,606	-	77,606	77,606	-
Maternal and Child Health Services Block Grant:	93.994	180514					
Mothers Care			14,382	-	12,784	14,382	1,598
Maternal and Child Health			39,123	-	34,776	39,123	4,347
Child & Adolescent Health			16,767	-	14,904	16,767	1,863
Family Planning			15,044	-	11,283	15,044	3,761
Passed through Oregon Department of Human Services - Health Division:							
Family Planning Services - Title X	93.217	280558	2,232	8,987	11,219	2,232	-
Disease Control & Prevent-Investigate & Technical Assistance:							
Tobacco Related Chronic Disease	93.283	None	178	10,043	10,221	178	-
Public Health Emergency Preparedness	93.069	280618	19,464	75,404	75,795	19,464	19,073
Maternal and Child Health Services Block Grant	93.994	180514	11,086	3,762	14,848	11,086	-
Acquired Immunodeficiency Syndrome (AIDS) Activity:	93.940	280546 / 280646					
HIV Prevention Program			4,721	-	4,721	4,721	-
Project Grants and Cooperative Agreements for							
Tuberculosis Control Programs	93.116	15-02	164	-	164	164	-
ARRA - Immunization, Centers for Disease							
Control Cooperative Agreements	93.712	None	555	-	555	555	-
Immunization Grants:							
Immunizations	93.268	280540	725	20,438	21,163	725	-
Total Department Health & Human Services			2,345,930	229,699	2,410,600	2,347,070	166,169

Jackson County, Oregon

Schedule of Expenditures of Federal Awards and Passenger Facility Charges (Continued)

For the fiscal year ended June 30, 2012

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	State Pass-thru Number	Program or Award Amount	Accrued or (Deferred) Revenue at July 1, 2011	Receipts	Disbursements/ Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Social Security Administration</u>							
Social Security Incentive on Incarcerated Individuals	96.unknown	None	\$ 2,000	\$ 1,000	\$ 3,000	\$ 2,000	\$ -
Total U.S. Social Security Administration			2,000	1,000	3,000	2,000	-
<u>U.S. Executive Office of the President</u>							
Passed through OF, Department of Justice: High Intensity Drug Trafficking Areas	95.001	None	31,564	7,074	38,638	31,564	-
Total U.S. Executive Office of the President			31,564	7,074	38,638	31,564	-
<u>U.S. Department of Homeland Security</u>							
Transportation Security Administration Reimbursement	97.unknown	N/A	149,039	-	149,039	149,039	-
Emergency Food & Shelter	97.024	None	7,603	-	7,603	7,603	-
Passed through Oregon Military Department - Office of Emergency Management:							
Emergency/ Management Performance Grants	97.042	None	119,110	-	94,636	119,110	24,474
State Homeland Security Program (SHSP)	97.073	None	72,713	11,531	38,836	100,018	72,713
Citizen Corps Program	97.053	None	694		694	694	
Passed through the Oregon Department of Forestry: Fire Management Assistance Grant	97.046	None	12,496	-	12,496	12,496	-
Passed through the Oregon State Marine Board: Boating Safety Financial Assistance	97.012	None	139,805	139,808	139,808	139,805	139,805
Total Department of Homeland Security			501,460	151,339	443,112	528,765	236,992
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,862,175</u>	<u>\$ (3,464,715)</u>	<u>\$ 15,899,316</u>	<u>\$ 17,847,611</u>	<u>\$ (1,516,420)</u>
Passenger Facility Charges*	None	N/A	-	(992,889)	1,171,582	1,341,928	(822,543)
TOTAL EXPENDITURE OF FEDERAL AWARDS AND PASSENGER FACILITY CHARGES			<u>\$ 16,862,175</u>	<u>\$ (4,457,604)</u>	<u>\$ 17,070,898</u>	<u>\$ 19,189,539</u>	<u>\$ (2,338,963)</u>
Amount used in determining major programs under OMB Circular A-133 guidelines						<u>\$ 17,847,611</u>	
MAJOR PROGRAM @ 3% of Total Expenditures of Federal Awards						<u>\$ 535,428</u>	

* Passenger Facility Charges are not federal revenues, but must be used in accordance with AIP-3-41-0037.
 ** State agencies did not provide pass-through grantor numbers

Jackson County, Oregon

Notes to Schedule of Expenditures of Federal Awards and Passenger Facility Charges
For the fiscal year ended June 30, 2012

1. Purpose of the Schedule:

The accompanying schedule of expenditures of federal awards and passenger facility charges (the Schedule) is a supplementary schedule to Jackson County, Oregon's (the County) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the County, it is not intended to and does not present either the financial position, changes in fund balances, or the current funds' revenues, expenditures and other changes of the County.

2. Significant Accounting Policies:

Reporting Entity: The reporting entity is fully described in Note 1 to the County's financial statements. The Schedule includes all federal financial assistance programs administered by the County for the year ended June 30, 2012.

Basis of Presentation: The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

Major Programs: OMB Circular A-133 establishes a dollar limit and risk base criteria for selecting major federal programs. Using this criteria, the County has six Type A programs, all of which were selected for testing as major programs, and no Type B programs.

Basis of Accounting: The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Matching Costs: The Schedule does not include matching expenditures.

**JACKSON COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major Programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Food Program for Women, Infants and Children (WIC)
10.665	Schools and Roads, Grants to States
15.Unknown	Distribution of Receipts to State & Local Governments
20.106	Airport Improvement Program
93.959	Substance Abuse Prevention & Treatment Block Grant
 <u>JAG Cluster</u>	
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grants (JAG) Program / Grants to States and Territories
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grants (JAG) Program / Grants to Units of Local Government

Dollar threshold used to distinguish between type A and type B programs: \$535,428

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**JACKSON COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II—Financial Statement Findings

None reported.

Section III—Federal Award Findings and Questioned Costs

None reported.

Independent Auditor's Comments

Oregon Administrative Rules 162-010-0000 through 162-010-0320 incorporate the Minimum Standards for Audits of Oregon Municipal Corporations prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy. Such standards enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are forth following.



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Commissioners
Jackson County, Oregon

We have audited the basic financial statements of Jackson County, Oregon (the County) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2011 and 2012.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the County in a separate letter dated December 18, 2012.

This report is intended solely for the information of the County Commissioners, management, others within the entity, federal and state awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than those specified parties.



For Moss Adams LLP
Eugene, Oregon
December 18, 2012