

Josephine County Oregon

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2012

Josephine County, Oregon

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2012



Report Prepared by Josephine County Finance Department

Arthur O'Hare, Controller

Chris M. Carlson, Accountant/Budget Analyst



The Josephine County Courthouse

Grants Pass, Oregon

It was built in 1917 to replace the one built in 1887.

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012
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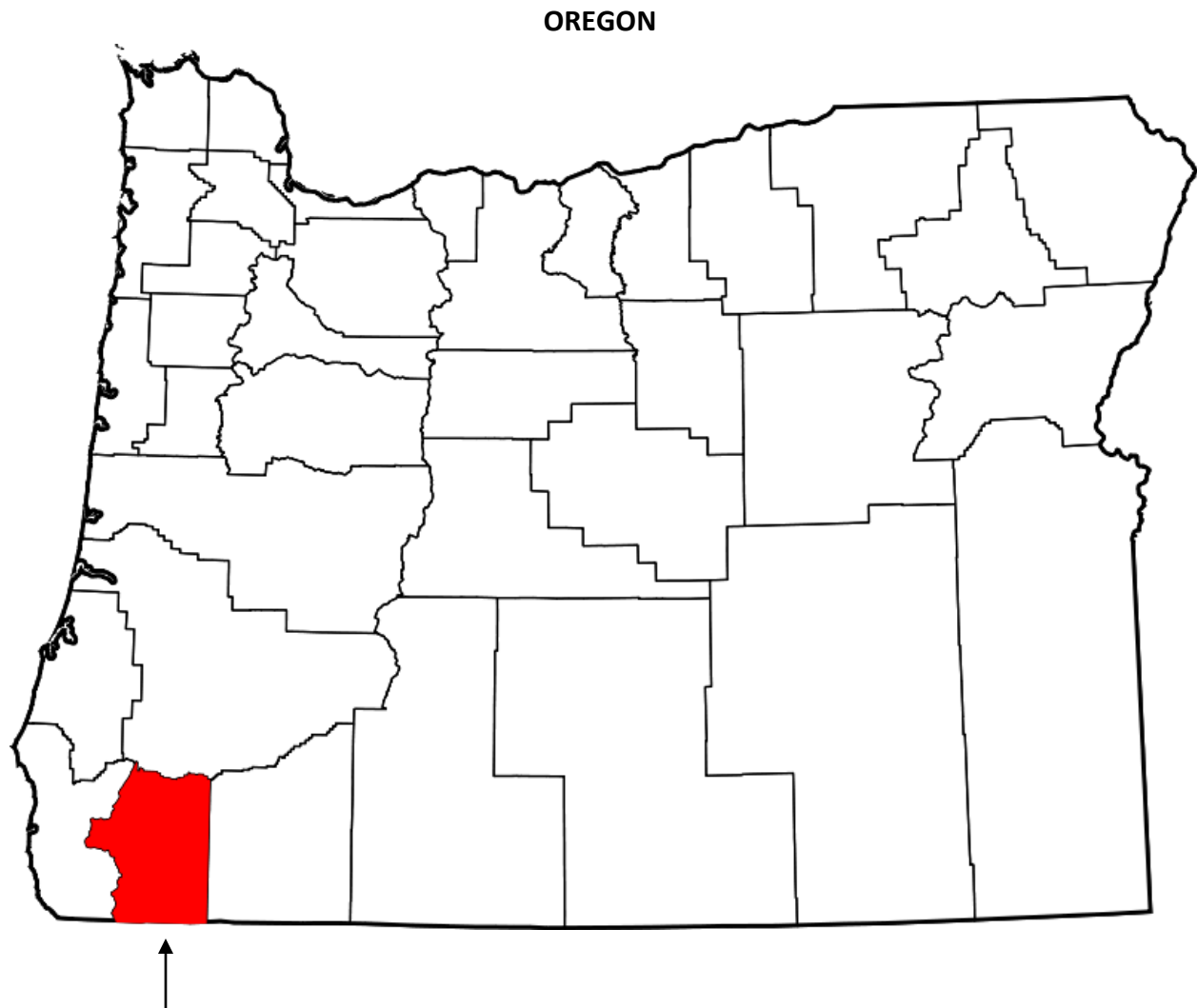
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Josephine County, Oregon

Josephine County is located in southwestern Oregon and was created by the Territorial Legislature on January 22, 1856 from the western half of Jackson County. Josephine County was named for Josephine Rollins, the first white woman to settle in southern Oregon. The southern border of the county forms the Oregon/California state line. The County's boundaries encompass an area of 1,641 square miles with a steady population of about 82,000. The city of Grants Pass is the largest city and county seat with a current population around 34,500.

INTRODUCTORY SECTION





Josephine County, Oregon

Finance Office

500 NW 6th Street Dept 4/Room 158

Grants Pass OR 97526

(541) 474-5255 / FAX (541) 474-5258 / TTY (800) 735-2900

December 28, 2012

Honorable Members
Board of County Commissioners

Citizens of Josephine County

We are pleased to present to you the audited Comprehensive Annual Financial Report (CAFR) of Josephine County for the fiscal year ended June 30, 2012. This CAFR is published to fulfill the requirements of Oregon Revised Statute 297.415 and other state and local laws. The financial statements presented herein conform to generally accepted accounting principles and have been given an unqualified ("clean") opinion by the independent auditing firm of Isler CPA. The independent auditors' report is located at the front of the financial section of this report.

This report consists of management's representation concerning the finances of the county. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon the framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. We believe, to the best of our knowledge, the financial statements are complete and reliable in all material respects.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Josephine County Government

Josephine County was established on January 22, 1856 and is located in the southwestern corner of the State of Oregon. The southern border of the County forms the Oregon/California state line and the County's boundaries encompass an area of 1,641 square miles. The County's population showed steady increases by growing from 77,411 in 2002 to 82,794 in 2009; and has since shown signs of leveling off to about 82,730 in 2011.

Josephine County has three commissioners who are elected at large for four-year terms. The daily administrative functions of each County office/program/division are overseen by appointed managers or one of seven Elected Officials. The Board of County Commissioners (BCC) sets policy, adopts the annual budget, and passes resolutions and ordinances in accordance with state law. The BCC appoints many volunteers to citizen's advisory and review committees, including the Budget Committee. These committees assist the County and the BCC in providing needed and desired services to the community.

The Budget Committee is comprised of the three Commissioners and three citizens appointed from the public at large by the BCC. Each of the citizens serves a three-year term (terms are staggered so one is up for replacement each year), and they are not paid for their services. The Budget Committee reviews and approves the annual budget in hearings open to the public. All funds are budgeted in conformance with Oregon Local Budget Law. The BCC adopts a resolution authorizing appropriations for each department or expenditure category within a fund, setting the levels that expenditures cannot legally exceed.

Josephine County government provides a wide range of services. The services include public health, parks and recreation, airport operations, public road maintenance and construction, planning and development, building safety, county fair activities, probation and juvenile justice activities. In addition, it provides services to the economically disadvantaged in the county. The County has seven Elected Officials. The Sheriff provides patrols and operates the jail. The District Attorney prosecutes the criminals of the community and maintains a family support division. The

Assessor is responsible for certifying all levies and computing the valuation of property for taxation. The Clerk conducts elections and maintains official records. The County Surveyor maintains County land survey records. The Treasurer is the custodian of County and District monetary funds. Finally, the County's Legal Counsel provides legal support to all County departments.

Significant Financial Policies

Josephine County did not implement any new financial policies that had a significant impact on the current period's financial statements.

Local Economic Condition and Outlook

Most of Josephine County's industry and economic activity is centered around the City of Grants Pass. The economy, once dependent on the timber industry, is now highly diversified. Salaries and wages in Josephine County tend to be low compared to the state and/or nation and the unemployment rate tends to be above average (11.7% in June 2012 compared to the state average of 8.6%).

The population of Josephine County has grown approximately 6% since the year 2002. The population growth creates a greater demand for the services provided by the County, but results in very little additional revenue to the County due to the low permanent tax rate and the property tax rate cap, as explained in greater detail in the MD&A.

The County is scheduled to receive the final federal timber payment (also referred to as "O&C") in fiscal year 2012-13. The final payment will be a little less than 40% of prior year payments. In light of this reduction, the County has made significant budget cuts in the current fiscal year 2012-13 particularly in the area of public safety.

The end of federal timber payments creates a major challenge for the County as a whole to continue programs and services at the level needed and expected by the citizens of Josephine County. If replacement revenues are not found, there will be additional cutbacks in public safety and other services. The Board of County Commissioners is working with County Managers, Elected Officials, and citizen groups to develop options regarding revenue replacement and/or reductions of County services in future operating budgets.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Josephine County for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 14th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This 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 comprehensive annual financial report 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.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Office. Our appreciation is also given to the professional management and accounting personnel in each department; without their contribution this report could not be developed. Finally we want to thank the Board of County Commissioners for their support in conducting the financial operations of the County.

Respectfully Submitted,



Rosemary Padgett
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Josephine 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.



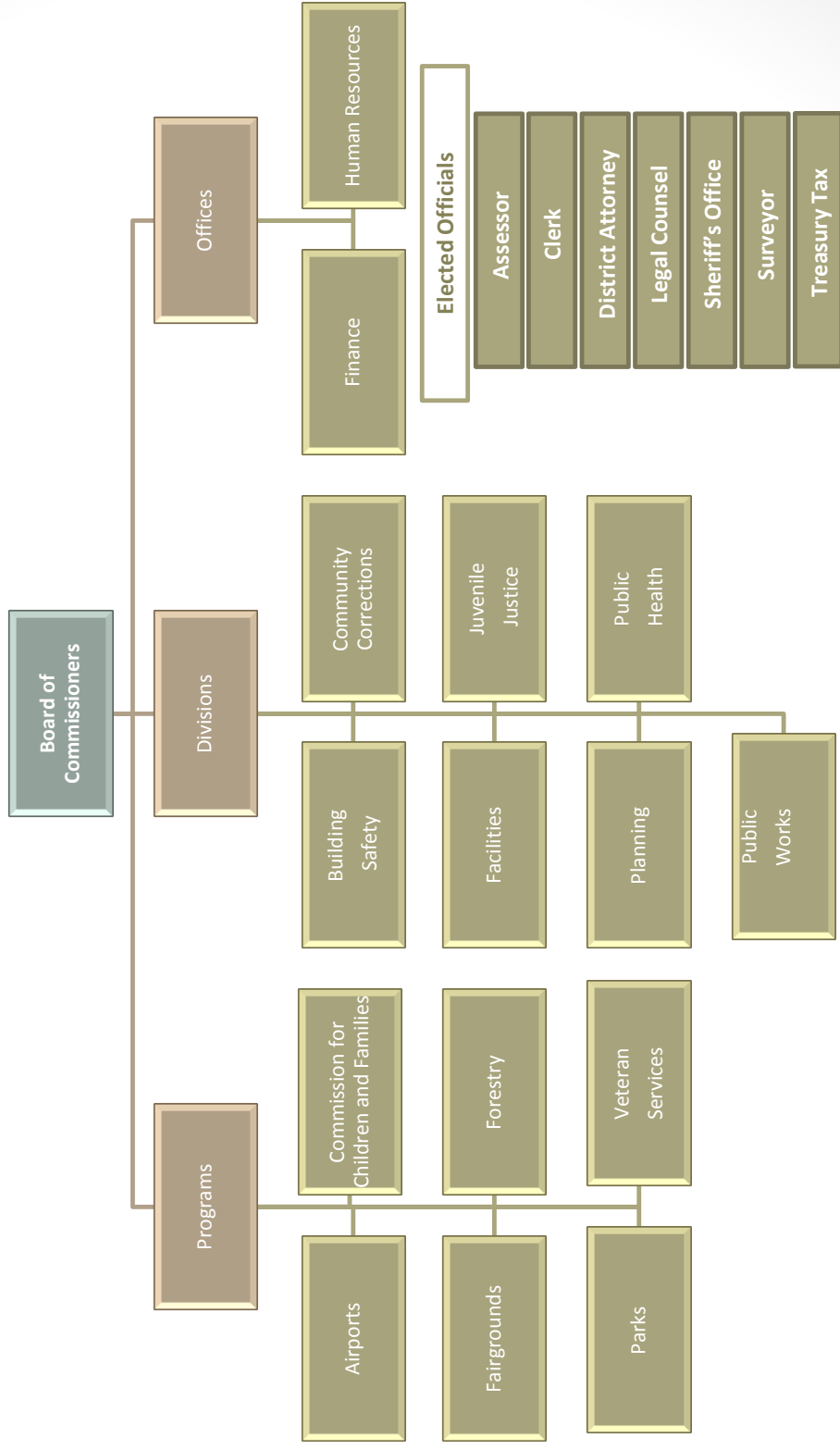
Linda C. Sandison

President

Jeffrey R. Enos

Executive Director

Josephine County Organizational Structure



JOSEPHINE COUNTY, OREGON

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2012

Elected Officials		Term Expires
Simon G. Hare	Chair, Board of County Commissioners	2015
Don Reedy	Vice Chair, Board of County Commissioners	2013
Harold Haugen	Commissioner, Board of County Commissioners	2013
Connie Roach	Assessor	2013
Art Harvey	Clerk	2013
Steve Rich	County Counsel	2015
Stephen D. Campbell	District Attorney	2013
Gil Gilbertson	Sheriff	2015
Peter Allen	Surveyor	2013
John Harelson	Treasurer	2013

Appointed Officials

Larry Graves	Airports
Robert Rice	Building and Safety
Rosemary Padgett	Chief Financial Officer
Janet Bell	Commission for Children and Families
Abe Huntley	Community Corrections
Ryan Johnson	Facilities
Wes Brown	Fair
Arthur O'Hare	Finance and Budget
Vic Harris	Forestry
Sara Moyer	Human Resources
Ken Clever	Information Technology
James Goodwin	Juvenile Justice
Doreen Ferguson	Parks
David Wechner	Planning
Chet Bolen	Property Management
Diane Hoover	Public Health
Robert Brandes	Public Works
Scott Chancey	Transit
Lisa Shipley	Veteran's Service

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Josephine County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Josephine County, Oregon ("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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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 and other matters. 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 the 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 (MD&A) on pages 15 through 23 and budgetary comparison on page 57 through 64 and the schedule of Other Post-Employment Benefits (OPEB) funding progress on page 65 information 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 MD&A and the Schedule of OPEB 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 MD&A and the OPEB because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, other supplemental information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

ISLER CPA

By: Paul R. Nielson
Paul Nielson, CPA, a member of the firm

Eugene, Oregon
December 28, 2012

JOSEPHINE COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County's comprehensive annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2012. This discussion and analysis is intended to serve as an introduction of the County's basic financial statement. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund issues.

We encourage readers to consider the information presented here in conjunction with our letter of transmittal beginning on page 2 of this report.

Financial Highlights

- The assets of Josephine County exceeded its liabilities at the close of the fiscal year by \$57.7 million (total net assets). The County's total net assets decreased by \$8.4 million primarily due to decreased cash and investments in the public safety fund as anticipated under the adopted three-year public safety plan. Which utilized Public Safety fund balance of unspent O&C funds and kept service level expenses same as prior year and had a reduced revenue deposit of O&C replacement funds.
- At June 30, 2012, the County's governmental funds reported combined ending fund balances of \$19.4 million, a decrease of \$11 million in comparison to the prior year.
- Unassigned fund balance for the General Fund was \$2.4 million, which represents a reserve of approximately 116 days, or 31.83% of total general fund expenditures plus transfers to other funds. This represents a 9 day decrease from prior year.
- Josephine County's total outstanding debt for bonds and loans decreased by \$1.45 million in comparison to the prior year as a result of normal bond and loan payments. The county refinanced the PERS Bond Series B to take advantage of lower interest and realized a net reduction in debt of \$813,000 over life of the bond.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the County's basic financial statements and other required supplementary information. The basic financial statements consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the County's finances, in a manner similar to a private-sector business. All of the County's activities are reported in the government-wide statements, except for activities accounted for in fiduciary funds because resources of those funds are not available to support the County's own programs.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets.

The statement of activities presents information showing how the County's net assets changed during the fiscal year. All of the changes in net assets are reported as soon as the underlying

JOSEPHINE COUNTY, OREGON

event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

These two government-wide financial statements report the County's net assets and the change in net assets. Net assets, which represent the difference between assets and liabilities, are one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the County, you need to consider additional non-financial factors such as changes in the property tax base and changes in the County's economy.

The government-wide financial statements of the County are divided into the following two categories:

Governmental activities. This includes the basic services provided by the County to its citizens, such as public assistance programs, public safety and public health. O&C replacement funds, property taxes, federal grants, and state grants finance most of these activities. The County's internal service funds, which provide services to other County departments, are included in governmental activities because these services predominately benefit governmental programs rather than business-type functions.

Business-type activities. The County charges fees to customers to help cover the costs of certain services it provides. These activities include the County's two airports and the Jail Commissary.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds (not the County as a whole). Funds are accounting mechanisms the County uses to keep track of specific sources of funding and spending for particular purposes. Similar to other state and local governments, the County uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the County's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances remaining at year end that are available for spending. Thus, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long term focus of the government-wide statements, we provide information following the governmental fund statements that reconciles the government-wide focus to the governmental fund focus.

The County maintains over thirty individual governmental funds. Information is presented separately in the governmental fund financial statements for the seven major governmental funds, including the General Fund. Data from the other governmental funds are combined into a

JOSEPHINE COUNTY, OREGON

single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. Services for which the County charges customers a fee, similar to a business operation, are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long-term and short-term financial information. The County's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows. We use internal service funds (the other type of proprietary fund) to report activities that provide services to the County's other programs.

The proprietary fund financial statements provide separate information for the Airports Fund, which is the County's only major enterprise fund. The Jail Commissary Fund is the sole remaining enterprise fund and is presented alongside the major fund. The internal service funds are combined into aggregated presentations. Individual fund data for each of the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. The County is the trustee, or fiduciary, for these funds. All of the County's fiduciary activities are reported in a separate statement of changes in fiduciary net assets. These activities have been excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

The basic financial statements also include notes, which provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a section of required supplementary information (RSI) which contains budget-to-actual comparison schedules for the County's General Fund and the major special revenue funds. The combining financial statements referred to earlier are presented immediately following the required supplementary information. These combining statements provide details about our nonmajor governmental funds, enterprise funds, and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

A statistical section containing selected financial, economic, and demographic information is presented immediately following the combining statements.

Government-wide Financial Analysis

Net Assets. Net assets may serve over time as a useful indicator of a government's financial position. Josephine County's net assets exceeded its liabilities for the current fiscal year by approximately \$57.7 million as shown in Table 1. Approximately 94% of this balance consists of capital assets (land, buildings, equipment, and infrastructure). Since the County uses its capital assets to provide services to citizens, this amount is not available for future spending. Approximately 2% of the County's net assets represent resources that are subject to restrictions on how they may be used.

JOSEPHINE COUNTY, OREGON

Table 1
Josephine County's Net Assets – as of June 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current & Other Assets	\$26.6	\$38.5	\$0.4	\$0.8	\$27.0	\$39.3
Capital Assets	56.6	54.7	3.7	3.1	60.3	57.8
Total Assets	83.2	93.2	4.1	3.9	87.3	97.1
Long-term Liabilities	24.4	24.2	-	-	24.4	24.2
Other Liabilities	5.1	6.4	0.1	0.4	5.2	6.8
Total Liabilities	29.5	30.6	0.1	0.4	29.6	31.0
Net Assets:						
Invested in Capital Assets, net of related debt	50.8	48.1	3.7	3.2	54.5	51.3
Restricted	11.4	16.0	-	-	11.4	16.0
Unrestricted	(8.5)	(1.5)	0.3	0.3	(8.2)	(1.2)
Total Net Assets	\$53.7	\$62.6	\$4.0	\$3.5	\$57.7	\$66.1

Changes in Net Assets. The County's total change in net assets for the current fiscal year was a decrease of \$8.4 million as shown in Table 2. This represents a decrease in Total Net Assets of approximately 13% less than the prior year.

Governmental Activities had a decrease in net assets of \$8.9 million. Total revenues decreased by \$5 million (11%) mostly due to unrestricted O&C grant reduction in Public Safety and other reductions in operating grants. Total expenses increased by \$0.3 million (1%) mostly as a result of General Government expenses due to FCC required upgrade of Narrowband Radio Infrastructure.

Business-type Activities had an increase in net assets of \$0.5 million. Total revenues increased by \$0.3 million mostly due to increase in charges for services and capital grants. Total expenses increased by \$0.3 million mostly due to capital projects at county airports which are mostly funded through FAA grants.

JOSEPHINE COUNTY, OREGON

Table 2
Josephine County's Changes in Net Assets
For the year ended June 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for Services	\$8.5	\$8.5	\$0.7	\$0.6	\$9.2	\$9.1
Operating Grants and Contributions	21.4	22.9	-	-	21.4	22.9
Capital Grants and Contributions	0.7	0.4	0.7	0.5	1.4	.9
General Revenues:						
Property Taxes	4.9	4.9	-	-	4.9	4.9
Unrestricted Grants and Contributions	4.9	8.7	-	-	4.9	8.7
Other Revenue	0.0	0.3	-	-	0.0	0.3
Total Revenues	40.4	45.7	1.4	1.1	41.8	46.8
Expenses:						
General Government	4.2	3.5	-	-	4.2	3.5
Public Safety	20.4	20.6	0.1	0.1	20.5	20.7
Public Works	8.3	9.2	-	-	8.3	9.2
Culture and Recreation	2.6	2.2	0.8	0.5	3.4	2.7
Community Development	3.5	3.6	-	-	3.5	3.6
Health & Human Services	9.4	9.0	-	-	9.4	9.0
Interest on long-term debt	0.9	0.9	-	-	0.9	0.9
Total Expenses	49.3	49.0	0.9	0.6	50.2	49.6
Change in Net Assets	(8.9)	(3.3)	.5	0.5	(8.4)	(2.8)
Net Assets – July 1	62.6	65.9	3.5	3.0	66.1	68.9
Net Assets June 30	\$53.7	\$62.6	\$4.0	\$3.5	\$57.7	\$66.1

Financial Analysis of the County's Funds

As noted earlier, Josephine 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 resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined

JOSEPHINE COUNTY, OREGON

ending fund balances of \$19.4 million, a decrease of \$11 million over the prior year. In accordance with GASB 54 approximately 11% or \$2.1 million of this total amount constitutes an unassigned fund balance, which is available for spending on governmental programs at the County's discretion. About 83% or \$16.1 million of the fund balance represents restricted or committed amounts that are constrained for a specific purpose by an external party or our government's highest level of decision making. The remaining 6% or \$1.2 of fund balance is reserved to indicate that it is not available for new spending because it represents amounts which are classified as non-spendable.

The General Fund is the chief operating fund of the County, with an ending fund balance of \$2.4 million, a decrease of \$302,232 from the prior year. Key events affecting the ending fund balance were as follows:

- Transfer of \$3.0 million to the Public Safety Fund for operation of the county public safety program.

The ending fund balance needs to adequately cover expenditure requirements for the first few months of the new fiscal year since the major funding source of property taxes are received in the fall. This fund balance represents a reserve of approximately 116 days, or 31.83% of total general fund expenditures plus transfers to other funds. These averages are a slight reduction to the prior year or 9 days less.

The Public Works Fund ending fund balance decreased by \$.8 million. Revenues decreased by \$.6 million and expenditures decreased slightly but were similar to prior year. Transfers decreased to the Roads and Bridges Reserve Fund by \$239,000 which was used for maintenance and repairs of county roads and bridges projects. Transfers to the Equipment Reserve Fund decreased by \$370,000 and was used for heavy machinery and equipment replacements.

The Public Safety Fund comprises the departments of Sheriff, District Attorney and Juvenile Justice. The ending fund balance was \$3.5 million, a decrease of \$.9 million. The main revenue sources are an interfund transfer from the General Fund of \$3.0 million and \$4.9 million received from the federal government for O&C replacement funding.

In January 2009 the Board of County Commissioners adopted a three-year public safety plan, which included saving funds in anticipation of the loss of federal O&C replacement revenues. The \$3.5 ending fund balance reflects the final year of the plan which anticipated use of prior year saving of federal money. The local option tax levy of \$1.99 per \$1,000 of assessed property value for criminal justice was not approved by voters in May 2012 and no new funding has been identified. There were significant reductions to public safety in 2012-13 budget.

The Adult Corrections Fund ending fund balance was \$270,923, a decrease of \$70,617. The main source of revenue is state grants from the Oregon Department of Corrections. Grant revenue decreased 4% and expenditures decreased 1% in the normal course of operations, nearly maintaining the same ending fund balance. Since this program receives no general fund support, they must adjust expenditures according to grant funding levels.

The Public Health Fund comprises the operations of the Public Health Department and Animal Control Program. Ending fund balance decreased \$228,685 to a negative \$227,058 ending balance. The majority of funding is from the State of Oregon and patient fees. The state grants

JOSEPHINE COUNTY, OREGON

were about \$108,000 less than prior year. The positive fund balance in 2010-11 of \$1,627 reflects the county general fund support and loan that was approved by the Board of County Commissioners. The loan was paid back to the General Fund in the 2011-12 fiscal year. Public Health restructured staff, reduced expenditures and corrected their fee structure to capture true costs for fee based programs in spring 2012.

The Mental Health Fund ending fund balance was \$297,383, an increase of \$48,655 from the prior year. This fund is mostly used to account for pass-through money from the State of Oregon and the state funded Alcohol and Drug programs. The ending fund balance reflects the pass-through nature of the program.

The Grant Projects Fund has an ending fund balance of \$2.6 million, a decrease of \$992,910. This fund is comprised primarily of state lottery money for economic development, federal CDBG money, Title III portion of the O&C replacement dollars and Veteran Service funds. Since the O&C replacement funds appear to be headed for phase-out, the County is spreading the use of Title III over several years and this comprises \$2.6 million of the ending fund balance.

The Other Governmental Funds ending fund balance was \$6.1 million, a decrease of \$2.7 million. The decrease is mostly due to an increase in expenditures over last year with revenues slightly higher but similar to the prior years, which were planned projects like county bridges.

Proprietary Funds. Total enterprise fund net assets increased by \$566,564 or approximately 16%. This increase was mostly due to increased capital grants contributions to improve the County's airports, primarily for facility improvements.

Fiduciary Funds. Fiduciary funds account for resources held for the benefit of parties outside the government. Net assets of all fiduciary funds are reported as held in trust for particular purposes.

General Fund Budgetary Highlights

The General Fund incurred three adjustments in expenditures from the original adopted budget to the final budget. The Clerk incurred additional costs due to an unexpected special election recall of a county commissioner, which resulted in a net cost of \$20,000 (\$10,000 revenue and \$30,000 cost) and the Sheriff Action proceeds of \$8,000 were required to be deposited in the general fund and then transferred to the Sheriff Trust Fund by the Board of County Commissioners and PEG fund required \$10,000 to cover additional costs for operations.

Actual expenditures in the general fund were less than the final budgeted expenditures by \$325,887 (excludes contingency), mostly due to savings in personal and material and services.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities was \$60.3 million (net of accumulated depreciation). The County's net investment in capital assets was increased by \$2.4 million for the fiscal year. This investment in capital assets includes land, buildings, improvements, infrastructure, equipment, and construction in progress.

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

- \$600,993 for new Narrowband Radio system as required by FCC.

JOSEPHINE COUNTY, OREGON

- \$90,446 for three new Temporary Emergency Shelters & a generator for the Search & Rescue program.
- \$104,906 for two Horse Trailers, one Trailer Mounted Air Compressor, and four new ATV Quads for the Search and Rescue program.
- \$70,000 for two new Self Propelled Pull Broom for the Public Works department.
- \$472,347 for three new Arboc Mobility Transit Busses and one ADA Dodge Caravan for Transit Fleet program.
- \$144,894 for new Courthouse Security Gate and Courthouse upgrades to infrastructure.

Additional information on capital assets can be found in Note 4 of this report.

Debt Administration

The County's total bonded debt outstanding as of June 30, 2012 was \$18.5 million, similar to the previous year. The outstanding balance represents prior year funding for the construction of the Adult Jail and for the PERS unfunded actuarial liabilities, both are backed by the full faith and credit of the County. The County refinanced the PERS Bond Series B this year to reduce future interest costs, saving \$813,000 over the life of the bond.

Under state law, Josephine County has a general obligation debt limitation of 2% of the real market value of taxable property in the county. The County's general obligation bonded debt of \$5.5 million (the balance on the Adult Jail Facility bond) was well below the legal limitation of \$152 million. Josephine County updated to a rating of "A2" from Moody's Investors Service.

Additional information about the County's long-term debt can be found in Note 6 of this report. Information regarding the legal debt limit can be found in the Statistical Section of this report.

Economic Factors and Next Year's Budget

Josephine County is faced with some major financial issues, which impact both current and future budgets. These are discussed in the following paragraphs.

O&C Funding. The largest source of Josephine County revenue to pay for Public Safety is the federal Secure Rural Schools and Community Self-Determination Act (O&C replacement funds or Public Law 106-393), which became law on October 30, 2000. This law provides revenue to counties and schools in rural areas in lieu of declining O&C and Forest Service receipts. This money is necessary because 67% of Josephine County is federal forestland that is not subject to property taxes. The funding under PL 106-393 lasted through fiscal year 2006-07. Fortunately, Congress passed and the President signed a bill in May 2007 extending the funding for one more year and the County received \$11.9 million in that fiscal year.

Then in October 2008, Congress passed the Troubled Assets Relief Program ("bail out") bill, which extended the payments for another four years, but with reduced amounts each year until phased out altogether. The final payment in January 2012 was of \$4.9 million.

The phase out of federal payments creates a major challenge for the County as a whole to continue programs and services at the level needed and expected by the citizens of Josephine County. The Board of County Commissioners is working with County Managers, Elected

JOSEPHINE COUNTY, OREGON

Officials, and citizen groups to develop options regarding revenue replacement, and/or possible reductions of County services in future operating budgets.

In January 2009, the Board of County Commissioners approved a Public Safety Plan which spread the remaining federal payments over a three-year period in order to maintain a stable funding level through June 30, 2012. No new revenues have been identified & Public Safety departments were reduced for July 1, 2012 budget.

Local Government Funding Constraints. With the passage in 1997 of statewide constitutional property tax limitations of Ballot Measures 5 and 47/50, Josephine County's ability to solve its financial problems through tax measures is limited. The County is locked in at the \$0.5867 permanent tax rate. Moreover, Josephine County has the lowest permanent tax rate in the state. The second lowest is Curry County at \$0.5996. Other neighboring counties, Coos (\$1.0799), Douglas (\$1.1124) and Jackson (\$2.0099), all have substantially higher rates. Josephine County's low tax rate is in part a reflection of the assumptions that O&C funds would always continue at the time the rates were made permanent.

Local option taxes represent the only way taxing districts can raise operating revenue beyond the permanent rate amount and these are subject to Measure 5 limitations. Local option taxes must be approved by the voters of that district and require at least 50 percent voter participation.

The tax constraint mentioned above limits assessed value increases to 3% per year, or market value, whichever is lower. No property may increase more than 3% in any year unless it is substantially revised or seeks voluntary rezoning. The cap on assessed values and the limit to assess new construction similarly to existing 1995 properties has contributed to the gap between market and assessed value. The cap on assessed values keeps the current tax rate from producing sufficient revenue. Current economic conditions have caused real market values to decrease this past year; however, the gap between the two values is still significant. See the Statistical Section in this report for a comparison of assessed and real market values for the past ten years.

Inflationary Pressure. Josephine County has seen a steady increased public demand for services and inflationary pressures are causing operating costs to increase faster than revenues, and this situation is projected to cause very significant budget gaps in the future.

Future Budgets. The county's 2012-13 adopted budget is \$68,043,800, a decrease of \$25.7 million or 28% under the prior year. However, this budget represents a decrease of 60% from the 2004-05 budget which was \$113,504,764. There were no notable increases in the current budget. Notable decreases can be found in Public Safety Fund (\$11.9 million), Public Works Fund (\$2.4 million), County Bridge Construction Fund (\$2.4 million), Grants Project Fund (\$1.4 million), Airports Fund (\$1.3 million) and Internal Service & Vendors Funds (\$2.3 million). Remaining funds had a net decrease of \$4 million.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Josephine County Finance/Dept. 4, 500 NW 6th St, Grants Pass, OR, 97526.

BASIC FINANCIAL STATEMENTS



JOSEPHINE COUNTY, OREGON

Statement of Net Assets
June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash & Investments	\$ 21,448,400	\$ 334,718	\$ 21,783,118
Taxes Receivable	513,554	-	513,554
Receivables (net of uncollectables)	1,196,382	96,364	1,292,746
Internal Balances	(7,735)	7,735	-
Due From Other Governments	2,230,930	-	2,230,930
Inventories	872,434	27,849	900,283
Other Assets	404,122	-	404,122
Capital Assets:			
Land	9,750,833	611,814	10,362,647
Buildings & Improvements	36,286,761	5,075,461	41,362,222
Equipment	13,589,743	330,985	13,920,728
Infrastructure	69,269,590	-	69,269,590
Construction in Progress	2,839,401	1,513,113	4,352,514
Less - Accumulated Depreciation	(75,164,144)	(3,836,334)	(79,000,478)
Total Assets	83,230,271	4,161,705	87,391,976
Liabilities:			
Accounts Payable	1,845,707	112,448	1,958,155
Accrued Payroll Liabilities	1,727,231	9,130	1,736,361
Accrued Interest Payable	74,569	-	74,569
Claims Payable	-	-	-
Due to Other Governments	120,087	-	120,087
Unearned Revenue	1,106,828	-	1,106,828
Unamortized Bond Premium	197,460	-	197,460
Other Liabilities	2,507	-	2,507
Noncurrent Liabilities:			
Due in One Year:			
Bonds Payable	1,926,464	-	1,926,464
Loans Payable	16,149	-	16,149
Compensated Absences	2,129,410	7,540	2,136,950
Landfill Closure Costs	79,000	-	79,000
Due in More Than One Year:			
Bonds Payable	16,583,536	-	16,583,536
Loans Payable	237,785	-	237,785
Compensated Absences	787,590	5,460	793,050
Landfill Closure Costs	2,381,000	-	2,381,000
Other Post-Employment Benefit Obligation	282,964	-	282,964
Total Liabilities	29,498,287	134,578	29,632,865
Net Assets:			
Invested in Capital Assets, net of related debt	50,788,250	3,695,039	54,483,289
Restricted - expendable for:			
General Government	98,771	-	98,771
Public Safety	875,130	-	875,130
Public Works	4,925,024	-	4,925,024
Culture and Recreation	346,631	-	346,631
Community Development	4,150,605	-	4,150,605
Health & Human Services	430,386	-	430,386
Debt Service	180,499	-	180,499
Restricted - nonexpendable	414,672	-	414,672
Unrestricted	(8,477,984)	332,088	(8,145,896)
Total Net Assets	\$ 53,731,984	\$ 4,027,127	\$ 57,759,111

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON

Statement of Activities For the Year Ended June 30, 2012

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 4,196,167	\$ 1,749,282	\$ 1,553,877	\$ 283,117	\$ (609,891)
Public Safety	20,389,206	1,839,528	4,664,420	28,340	(13,856,918)
Public Works	8,315,014	305,253	6,968,431	-	(1,041,330)
Culture and Recreation	2,650,036	1,522,923	643,558	-	(483,555)
Community Development	3,455,163	1,507,512	1,148,827	-	(798,824)
Health & Human Services	9,392,933	1,519,911	6,445,900	391,417	(1,035,705)
Interest on long-term debt	940,402	-	-	-	(940,402)
Total Governmental Activities	<u>\$ 49,338,921</u>	<u>\$ 8,444,409</u>	<u>\$ 21,425,013</u>	<u>\$ 702,874</u>	<u>\$ (18,766,625)</u>
Business-type Activities:					
Jail Commissary	109,769	130,294	-	-	20,525
County Airports	<u>764,224</u>	<u>577,152</u>	<u>-</u>	<u>720,847</u>	<u>533,775</u>
Total Business-type Activities	<u>873,993</u>	<u>707,446</u>	<u>-</u>	<u>720,847</u>	<u>554,300</u>
Total Primary Government	\$ 50,212,914	\$ 9,151,855	\$ 21,425,013	\$ 1,423,721	\$ (18,212,325)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Changes in Net Assets:			
Net (Expense) Revenue	\$ (18,766,625)	\$ 554,300	\$ (18,212,325)
General Revenues:			
Property Taxes	4,872,179	-	4,872,179
Grants and Contributions not restricted to specific programs	4,910,825	-	4,910,825
Unrestricted Interest and Investment Earnings	149,333	1,764	151,097
Transfers - Internal Activities	(10,500)	10,500	-
Change in Net Assets	(8,844,788)	566,564	(8,278,224)
Net Assets - July 1, 2011	62,576,772	3,460,563	66,037,335
Net Assets - June 30, 2012	<u>\$ 53,731,984</u>	<u>\$ 4,027,127</u>	<u>\$ 57,759,111</u>

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Governmental Funds

Balance Sheet
June 30, 2012

	General Fund	Public Works	Public Safety	Adult Corrections	Public Health
Assets					
Current Assets					
Cash & Investments	\$ 1,938,186	\$ 3,647,528	\$ 3,278,315	\$ 399,795	\$ -
Taxes Receivable	375,787	-	-	-	-
Receivables (net of uncollectables)	815,479	-	-	2,948	63,975
Due From Other Governments	303,636	500,442	683,435	155,777	223,195
Due From Other Funds	614,106	359	52,699	8,298	81,748
Inventories	-	813,543	-	-	-
Other Assets	900	-	-	-	-
Total Assets	<u>\$ 4,048,094</u>	<u>\$ 4,961,872</u>	<u>\$ 4,014,449</u>	<u>\$ 566,818</u>	<u>\$ 368,918</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 58,601	\$ 208,005	\$ 63,027	\$ 44,088	\$ 30,440
Accrued Payroll Liabilities	249,971	315,541	339,293	185,689	73,024
Due To Other Governments	-	-	-	62,385	41,871
Due To Other Funds	50,359	21,501	115,047	3,733	450,641
Deferred Revenue	1,282,620	-	-	-	-
Other Liabilities	-	-	-	-	-
Total Liabilities	<u>1,641,551</u>	<u>545,047</u>	<u>517,367</u>	<u>295,895</u>	<u>595,976</u>
Fund Balances:					
Nonspendable	-	813,543	-	-	-
Restricted	-	3,603,282	-	270,923	-
Committed	-	-	3,497,082	-	-
Unassigned	2,406,543	-	-	-	(227,058)
Total Fund Balances	<u>2,406,543</u>	<u>4,416,825</u>	<u>3,497,082</u>	<u>270,923</u>	<u>(227,058)</u>
Total Liabilities and Fund Balances	<u>\$ 4,048,094</u>	<u>\$ 4,961,872</u>	<u>\$ 4,014,449</u>	<u>\$ 566,818</u>	<u>\$ 368,918</u>

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Governmental Funds

Balance Sheet (Continued)
June 30, 2012

	Mental Health	Grant Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets				
Cash & Investments	\$ 535,607	\$ 2,744,736	\$ 6,838,718	\$ 19,382,885
Taxes Receivable	-	-	137,767	513,554
Receivables (net of uncollectables)	14,476	33,682	233,940	1,164,500
Due From Other Governments	6,200	98,445	259,800	2,230,930
Due From Other Funds	2,500	900	86,774	847,384
Inventories	-	-	-	813,543
Other Assets	-	-	61,850	62,750
Total Assets	<u>\$ 558,783</u>	<u>\$ 2,877,763</u>	<u>\$ 7,618,849</u>	<u>\$ 25,015,546</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 248,891	\$ 191,983	\$ 840,367	\$ 1,685,402
Accrued Payroll Liabilities	11,392	9,155	154,928	1,338,993
Due To Other Governments	450	15,381	-	120,087
Due To Other Funds	667	14,322	216,588	872,858
Deferred Revenue	-	33,682	264,473	1,580,775
Other Liabilities	-	-	2,507	2,507
Total Liabilities	<u>261,400</u>	<u>264,523</u>	<u>1,478,863</u>	<u>5,600,622</u>
Fund Balances:				
Nonspendable	-	-	414,672	1,228,215
Restricted	297,383	2,576,386	3,320,409	10,068,383
Committed	-	36,854	2,460,415	5,994,351
Unassigned	-	-	(55,510)	2,123,975
Total Fund Balances	<u>297,383</u>	<u>2,613,240</u>	<u>6,139,986</u>	<u>19,414,924</u>
Total Liabilities and Fund Balances	<u>\$ 558,783</u>	<u>\$ 2,877,763</u>	<u>\$ 7,618,849</u>	<u>\$ 25,015,546</u>

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Governmental Funds

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
as of June 30, 2012**

Fund Balances - Governmental Funds \$ 19,414,924

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 governmental funds:

Governmental capital assets	131,736,328	
less accumulated depreciation	(75,164,144)	56,572,184

Other long-term assets are not available to pay current period expenditures and, therefore,
are deferred in the governmental funds:

Property Taxes		473,947
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Long-term liabilities, including bonds payable, are not due and payable in the current period
and therefore are not reported in the governmental funds.

Bonds Payable	(18,510,000)	
Loans Payable	(253,934)	
Accrued Interest Payable	(74,569)	
Deferred charge on refunding	143,912	
Compensated Absences	(2,550,000)	
Landfill Closure Costs	(2,460,000)	(23,704,591)

The Other Post-Employment Benefit Obligation is not due and payable and is not reported
in the governmental funds. (282,964)

Internal service funds are used by management to charge the costs of certain activities
to individual funds. Unrestricted net assets of the internal service funds that are reported with
governmental activities.

1,258,484

Net Assets of Governmental Activities		\$ 53,731,984
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The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	General Fund	Public Works	Public Safety	Adult Corrections	Public Health
Revenues:					
Taxes	\$ 3,545,026	\$ -	\$ -	\$ -	\$ -
Fees and Charges for Services	2,092,238	102,073	1,212,505	503,071	943,242
Intergovernmental Revenues	1,256,483	6,968,431	6,917,812	2,381,894	1,051,851
Interfund Charges for Services	-	2,116	-	62,721	491,136
Other Revenues	250,664	135,734	28,520	29,288	192,888
Total Revenues	7,144,411	7,208,354	8,158,837	2,976,974	2,679,117
Expenditures:					
Current:					
General Government	2,253,572	-	-	-	-
Public Safety	286,422	-	15,472,004	3,047,491	-
Public Works	-	5,889,563	-	-	-
Culture & Recreation	-	-	-	-	-
Community Development	1,305,351	-	-	-	-
Health and Human Services	-	-	-	-	2,810,102
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Debt Service - Bond issuance cost	-	-	-	-	-
Total Expenditures	3,845,345	5,889,563	15,472,004	3,047,491	2,810,102
Excess of Revenues Over (Under)					
Expenditures	3,299,066	1,318,791	(7,313,167)	(70,517)	(130,985)
Other Financing Sources (Uses):					
Transfers In	114,360	86,829	3,296,300	275,700	120,000
Transfers Out	(3,715,658)	(2,196,000)	(1,932,340)	(275,800)	(217,700)
Refunding bonds issued	-	-	-	-	-
Discount on refunding bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	(3,601,298)	(2,109,171)	1,363,960	(100)	(97,700)
Net Change in Fund Balance	(302,232)	(790,380)	(5,949,207)	(70,617)	(228,685)
Fund Balances - June 30, 2011	2,708,775	5,207,205	9,446,289	341,540	1,627
Fund Balances - June 30, 2012	\$ 2,406,543	\$ 4,416,825	\$ 3,497,082	\$ 270,923	\$ (227,058)

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2012

	Mental Health	Grant Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ 1,262,724	\$ 4,807,750
Fees and Charges for Services	27,931	-	2,150,627	7,031,687
Intergovernmental Revenues	4,271,921	1,148,827	3,025,783	27,023,002
Interfund Charges for Services	-	-	1,114,500	1,670,473
Other Revenues	108,413	65,419	402,946	1,213,872
Total Revenues	<u>4,408,265</u>	<u>1,214,246</u>	<u>7,956,580</u>	<u>41,746,784</u>
Expenditures:				
Current:				
General Government	-	-	1,480,121	3,733,693
Public Safety	-	-	458,964	19,264,881
Public Works	-	-	3,749,779	9,639,342
Culture & Recreation	-	-	2,415,588	2,415,588
Community Development	-	1,375,814	758,874	3,440,039
Health and Human Services	4,322,854	117,482	1,893,880	9,144,318
Debt Service - Principal	15,869	-	1,440,000	1,455,869
Debt Service - Interest	4,587	-	719,157	723,744
Debt Service - Bond issuance cost	-	-	57,880	57,880
Total Expenditures	<u>4,343,310</u>	<u>1,493,296</u>	<u>12,974,243</u>	<u>49,875,354</u>
Excess of Revenues Over (Under)				
Expenditures	<u>64,955</u>	<u>(279,050)</u>	<u>(5,017,663)</u>	<u>(8,128,570)</u>
Other Financing Sources (Uses):				
Transfers In	-	86,700	3,081,398	7,061,287
Transfers Out	(16,300)	(800,560)	(829,781)	(9,984,139)
Refunding bonds issued	-	-	8,300,000	8,300,000
Discount on refunding bonds	-	-	(198,760)	(198,760)
Payment to refunding bond escrow agent	-	-	(8,043,360)	(8,043,360)
Total Other Financing Sources (Uses)	<u>(16,300)</u>	<u>(713,860)</u>	<u>2,309,497</u>	<u>(2,864,972)</u>
Net Change in Fund Balance	48,655	(992,910)	(2,708,166)	(10,993,542)
Fund Balances - June 30, 2011	<u>248,728</u>	<u>3,606,150</u>	<u>8,848,152</u>	<u>30,408,466</u>
Fund Balances - June 30, 2012	<u>\$ 297,383</u>	<u>\$ 2,613,240</u>	<u>\$ 6,139,986</u>	<u>\$ 19,414,924</u>

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Governmental Funds

**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	\$	(10,993,542)
--	----	--------------

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 outlay exceeded depreciation in the current period.

Expenditures for capital assets	3,902,049	
less current year depreciation	(2,186,912)	1,715,137

Expenses in the statement of activities that do not require current financial resources and are not reported as expenditures in individual funds.

Loss on disposal of capital assets		-
------------------------------------	--	---

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

Change in deferred property tax revenues		64,429
--	--	--------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of long-term debt principal consumes current financial resources of governmental funds.

Long-term principal repaid	8,516,702	
Proceeds of long-term bonds, net of issuance costs	(8,043,360)	
Amortization of deferred interest bonds	(260,030)	
Unamortized Bond Cost	(28,166)	
Unamortized Bond Premium	57,824	242,970

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.

Compensated absences	(28,000)	
Landfill closure costs	60,000	
Accrued interest on debt	(14,448)	
Other post-employment benefit obligation	(118,919)	(101,367)

Adjustment to reflect the consolidation of internal service funds to governmental funds		227,585

Change in net assets of governmental activities	\$	(8,844,788)

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Proprietary Funds

Statement of Net Assets
June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Airports	Nonmajor	Total	Memo	Activities
	Fund	Enterprise	Current Year	Only	Internal
		(Jail Commissary)		Total	Service Funds
				Prior Year	
Assets:					
Current Assets:					
Cash & Investments	\$ 213,334	\$ 121,384	\$ 334,718	\$ 312,623	\$ 2,065,515
Accounts Receivable	91,076	5,288	96,364	357,986	31,882
Due From Other Funds	-	8,500	8,500	-	125,728
Inventories	27,849	-	27,849	38,900	58,891
Total Current Assets	332,259	135,172	467,431	709,509	2,282,016
Capital Assets:					
Land	611,814	-	611,814	611,814	-
Buildings and Improvements	5,075,461	-	5,075,461	5,155,031	-
Equipment	330,985	-	330,985	147,920	3,941,173
Construction in Progress	1,513,113	-	1,513,113	822,935	-
Less - Accumulated Depreciation	(3,836,334)	-	(3,836,334)	(3,595,768)	(2,599,615)
Total Capital Assets, net of Accumulated Depreciation	3,695,039	-	3,695,039	3,141,932	1,341,558
Total Assets	4,027,298	135,172	4,162,470	3,851,441	3,623,574
Liabilities:					
Current Liabilities:					
Accounts Payable	70,510	41,938	112,448	384,131	160,305
Accrued Payroll Liabilities	9,130	-	9,130	2,512	388,238
Accrued Compensated Absences	7,540	-	7,540	2,400	212,860
Claims Payable	-	-	-	-	-
Due to Other Funds	522	243	765	235	107,989
Total Current Liabilities	87,702	42,181	129,883	389,278	869,392
Noncurrent Liabilities:					
Accrued Compensated Absences	5,460	-	5,460	1,600	154,140
Total Noncurrent Liabilities	5,460	-	5,460	1,600	154,140
Total Liabilities	93,162	42,181	135,343	390,878	1,023,532
Net Assets:					
Invested in Capital Assets	3,695,039	-	3,695,039	3,141,932	1,341,558
Unrestricted	239,097	92,991	332,088	318,631	1,258,484
Total Net Assets	\$ 3,934,136	\$ 92,991	\$ 4,027,127	\$ 3,460,563	\$ 2,600,042

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			Memo	Governmental
	Airports	Nonmajor	Total	Only	Activities
	Fund	Enterprise	Current Year	Total	Internal
		(Jail Commissary)		Prior Year	Service Funds
Operating Revenues:					
Fees and Charges for Services	\$ 569,627	\$ 130,294	\$ 699,921	\$ 593,000	\$ 190,466
Interfund Charges for Services	-	-	-	-	4,778,575
Other Revenues	7,525	-	7,525	16,222	152,059
Total Operating Revenues	577,152	130,294	707,446	609,222	5,121,100
Operating Expenses:					
Personal Services	109,859	-	109,859	96,207	4,623,683
Materials & Services	413,799	109,769	523,568	298,158	3,352,855
Depreciation	240,566	-	240,566	228,643	345,263
Total Operating Expenses	764,224	109,769	873,993	623,008	8,321,801
Operating Income (Loss)	(187,072)	20,525	(166,547)	(13,786)	(3,200,701)
Nonoperating Revenues:					
Intergovernmental revenues	-	-	-	-	15,710
Interest Income	1,087	677	1,764	2,093	5,657
Total Nonoperating Revenues	1,087	677	1,764	2,093	21,367
Net Income (Loss) Before Contributions and Transfers	(185,985)	21,202	(164,783)	(11,693)	(3,179,334)
Capital Grant Contributions Received	720,847	-	720,847	415,978	-
Capital Contributions from Other Funds	-	-	-	-	494,567
Transfers In	30,000	-	30,000	37,000	3,359,400
Transfers Out	(19,500)	-	(19,500)	(14,200)	(447,048)
Change in Net Assets	545,362	21,202	566,564	427,085	227,585
Total Net Assets - July 1, 2011	3,388,774	71,789	3,460,563	3,033,478	2,372,457
Total Net Assets - June 30, 2012	<u>\$ 3,934,136</u>	<u>\$ 92,991</u>	<u>\$ 4,027,127</u>	<u>\$ 3,460,563</u>	<u>\$ 2,600,042</u>

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Proprietary Funds

Statement of Cash Flows
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			Memo Only Total Prior Year	Governmental Activities Internal Service Funds
	Airports Fund	Nonmajor Enterprise (Jail Commissary)	Total Current Year		
Cash Flows from Operating Activities					
Cash received from users	\$ 555,386	\$ 125,006	\$ 680,392	\$ 610,082	\$ 8,733,392
Cash received from other sources	7,525	-	7,525	16,222	152,059
Cash paid to suppliers	(510,567)	(86,658)	(597,225)	(184,664)	(3,538,500)
Cash paid to employees	(94,241)	-	(94,241)	(112,060)	(4,460,395)
Net cash provided (used) by operating activities	(41,897)	38,348	(3,549)	329,580	886,556
Cash Flows from Non-capital Financing Activities					
Net change in internal balances	-	(8,257)	(8,257)	8,313	42,447
Net transfers between funds	10,500	-	10,500	22,800	(447,048)
Intergovernmental Receipts	-	-	-	-	14,710
Net cash provided by noncapital and related financing activities	10,500	(8,257)	2,243	31,113	(389,891)
Cash Flows from Capital Financing Activities					
Capital Grant Contributions Received	1,001,998	-	1,001,998	230,190	495,567
Purchase of capital assets	(980,361)	-	(980,361)	(461,249)	(494,567)
Net cash used by capital and related financing activities	21,637	-	21,637	(231,059)	1,000
Cash Flows from Investing Activities					
Interest income received	1,087	677	1,764	2,093	5,657
Net cash provided by investing activities	1,087	677	1,764	2,093	5,657
Net Increase (Decrease) in Cash and Investments	(8,673)	30,768	22,095	131,727	503,322
Cash and Investments - July 1, 2011	222,007	90,616	312,623	180,896	1,562,193
Cash and Investments - June 30, 2012	\$ 213,334	\$ 121,384	\$ 334,718	\$ 312,623	\$ 2,065,515

Reconciliation of Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ (187,072)	\$ 20,525	\$ (166,547)	\$ (13,786)	\$ (3,200,701)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	240,566	-	240,566	228,643	345,263
Transfers in	-	-	-	-	3,359,400
(Increase) Decrease in accounts receivable	(14,241)	(5,288)	(19,529)	17,082	6,952
(Increase) Decrease in due from other funds	-	-	-	-	397,999
(Increase) Decrease in inventories	11,051	-	11,051	(15,249)	(3,011)
Increase (Decrease) in accounts payable	(108,106)	23,111	(84,995)	128,508	(32,634)
Increase (Decrease) in payroll payable	6,618	-	6,618	(7,853)	86,288
Increase (Decrease) in compensated absences	9,000	-	9,000	(8,000)	77,000
Increase (Decrease) in due to other funds	287	-	287	235	-
Increase (Decrease) in claims payable	-	-	-	-	(150,000)
Total adjustments	145,175	17,823	162,998	343,366	4,087,257
Net cash provided (used) by operating activities	\$ (41,897)	\$ 38,348	\$ (3,549)	\$ 329,580	\$ 886,556

The notes to the financial statements are an integral part of this statement.

JOSEPHINE COUNTY, OREGON
Fiduciary Funds

Statement of Fiduciary Net Assets
June 30, 2012

	Agency Funds
Assets:	
Cash & Investments	\$ 1,032,639
Taxes Receivable	5,175,876
Total Assets	<u>\$ 6,208,515</u>
Liabilities:	
Due To Other Governments	\$ 5,175,876
Money Held for Others	1,032,639
Total Liabilities	<u>\$ 6,208,515</u>

The notes to the financial statements are an integral part of this statement.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Josephine County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed since December 1, 1989 by the Governmental Accounting Standards Board (GASB) and by private-sector standards of accounting and financial reporting issued prior to that date unless they conflict with subsequent guidance by the GASB. The significant accounting policies of the County are described below.

A. Reporting Entity:

Josephine County was formed under the predecessor chapter to Oregon Revised Statutes (ORS) 202, and its present “home rule” charter, effective January 5, 1981, was adopted under Article VI, Section 10 of the Oregon State Constitution. Its boundaries are established by ORS 201.170. A Board of Commissioners consisting of three independently elected members governs the County.

Blended Component Units – As required by generally accepted accounting principles, these financial statements present the County and its blended component unit, 4H-Extension, for which the County is considered to be financially accountable.

A blended component unit, although a legally separate entity is, in substance, part of the County’s operations and so data from it is combined with data of the County. A board comprised of the County’s Commissioners governs this blended component. The 4H Extension is included in non-major special revenue funds and, like the County, has a June 30 fiscal year-end. The 4H Extension’s separate and complete June 30, 2012 financial statements are available at the County Finance Office located at 500 NW 6th St, Grants Pass, Oregon 97526.

B. Government-wide and Fund Financial Statements:

Government-wide Financial Statements – The Statement of Net Assets and Statement of Activities report information for all of the non-fiduciary activities of the County and its component unit. *Governmental activities*, which are primarily supported by intergovernmental revenues and taxes, are reported separately from *business-type activities*, which rely primarily upon fees charged to external parties.

The Statement of Activities demonstrates the extent to which direct expenses of the County’s functions/programs listed in the statement (such as General Government, Public Safety, and Human Services) are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *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 program and 2) grants and intergovernmental revenues that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items which are not specific program revenues are reported as general revenues in the Statement of Activities.

Fund Financial Statements – 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. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except for those requiring separate accounting in another fund. The offices of the Assessor, Treasurer, County Clerk and Surveyor and the Planning and Forestry Departments are in the General Fund. The General Fund also provides a significant amount of support to the Public Safety Fund. The primary source of revenue for the General Fund is property taxes.

Public Works Fund – The expenditures of the Roads and Bridges Division of this 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. Major sources of revenue include motor fuel taxes and forest service receipts.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. Government-wide and Fund Financial Statements (Continued):

Public Safety Fund – This fund was formed effective July 1, 2006. It comprises three departments which are the Sheriff, District Attorney and Juvenile Justice. The largest revenue source is O&C money from the Federal Government. Other revenues are primarily charges for services and various federal and state grants.

Adult Corrections Fund – This fund was formed effective July 1, 2007 to account separately for the operations of the Adult Corrections Department which supervises adult felony cases and administers the work crew programs. It is primarily funded by grants from the Oregon Department of Corrections.

Public Health Fund – This fund was formed effective July 1, 2007 to account separately for the operations of the Public Health Department. Public Health serves the public with many health resource, environmental health and enforcement programs, and it operates the clinic in the Adult Jail for inmates. The primary sources of funding are charges for services rendered and various grants from the Oregon Department of Human Services.

Mental Health Fund – This fund accounts for the activities of the Mental Health Authority which has oversight responsibilities for mental health programs which were outsourced to non-profit organizations and other governmental agencies effective July 1, 2006. Resources of this fund are primarily from federal and state grants and from alcohol tax. Expenditures are for mental health care and substance abuse treatment and prevention programs.

Grant Projects Fund – This fund was established to account for expenditure of several grant funds received from federal, state and local agencies. One type of the activities accounted for in this fund is the use of O&C Title III funds, which are restricted for uses tied to federal land. This fund also receives video poker funds from the state which are restricted for use in economic development activities. In addition, this fund accounts for Community Development Block Grants (CDBG) from the federal government which is used for community development projects. The Veterans Service Office is also operated through this fund.

The County reports the following major enterprise fund:

Airports Fund – This fund accounts for the operations of the county's airports located in Merlin, and Cave Junction, Oregon. User fees are the primary source of revenue. Expenditures are for the administration and maintenance of the airport buildings and grounds.

Additionally the County reports the following fund types:

Proprietary Funds – Account for the operations of predominantly self-supporting activities.

- Enterprise funds account for services rendered to the public on a user charge basis.
- Internal service funds account for services provided to other departments or agencies of the County or other governments, on a cost reimbursement basis.

Fiduciary Funds – Account for resources received and held by the County's Treasurer on behalf of other governmental entities, private individuals, and others as provided for in Oregon Revised Statutes.

C. Measurement Focus and Basis of Accounting:

Government-wide, Proprietary Fund, and Fiduciary Fund Financial Statements – The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Measurement Focus and Basis of Accounting (Continued):

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements in order to avoid double counting of revenues, expenditures and internal balances. Expenditures of the County's internal service funds are reported as direct expenses of the functions and programs that use the internally provided services. The primary items provided are building operation and maintenance, motor pool, insurance, finance, personnel, legal, communications and technology support.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Airport and Jail Commissary enterprise funds and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds apply all Financial Accounting Standard Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements – All governmental fund types are accounted for using a *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 County generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Federal and state grants (to the extent that eligible expenditures are incurred), licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues within the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when the payment is due.

When program expenses are incurred for which both restricted and unrestricted net assets are available to finance the program, it is the County's policy to first apply restricted resources, followed by committed, assigned, and unassigned fund balance.

D. Cash and Investments:

Investments included in cash and investments are reported at fair value. The County invests primarily in the State of Oregon Local Government Investment Pool and securities of the U.S. Government agencies and sponsored enterprises. Oregon Revised Statutes authorize all County investments. Interest earned from pooled investments is allocated based upon a fund's portion of the total average daily investment balance. The County maintains depository insurance under Federal depository insurance coverage and state and financial institution collateral pools for its cash deposits and investments, except for the Local Government Investment Pool and securities of the U.S. government agencies and sponsored enterprises which are exempt from statutes requiring insurance.

E. Receivables:

The County levies, collects, and distributes property taxes for all taxing districts within its boundaries. Property taxes attach as an enforceable lien on property as of July 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15 and May 15. Property taxes receivable in governmental funds which have been collected within 30 days of year end are considered measurable and available, and are recognized as revenues in the funds. All other property taxes receivable in the governmental funds are offset by deferred revenues and, accordingly, have not been recorded as revenue.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. Receivables (Continued):

For the year ended June 30, 2012, the County's tax levy did not exceed the Oregon constitutional limitation. All other districts' property taxes receivable is reported in the Agency Funds.

Special Assessments are recognized as receivable at the time property owners are assessed for property improvements. Delinquent receivables are those special assessments remaining unpaid after the date on which a penalty for non-payment is attached.

"Bancrofted" assessments occur when installments are two payments (one year) late. Such assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

Accounts and other receivables in governmental and proprietary fund types are recorded as revenue when earned, except for timber sales, which are recorded as revenue when the logging occurs.

F. Inventories:

Governmental Funds – Inventories of parts and supplies is held by the Public Works Fund and County Fleet and Building Operations Fund and are valued at average cost. Inventories are recorded as expense when consumed.

G. Capital Assets:

Capital assets, which include property, plant, and equipment, 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 an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed prior to 1993. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over an appropriate useful life as determined for each asset using professional judgment. Standard useful ranges for each asset classification are listed below.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	35
Vehicles and machinery	5 to 15
Office furniture and equipment	3 to 10
Computer equipment	3
Infrastructure	25 to 65

H. Landfill Closure and Post-closure Care Liabilities:

The County records landfill closure and post-closure costs in the Public Works Fund as incurred over the life the related landfills. The estimated liability is reported in the government-wide statement of net assets.

I. Long-term Debt:

All County long-term debt is included in the government-wide financial statements. Long-term debt directly related to and expected to be paid from proprietary funds is also included in those funds. Long-term debt information is presented in Note 6.

J. Compensated Absences:

Accumulated vested compensated absences are accrued in the government-wide and proprietary financial statements as earned by employees.

The County established the Payroll Reserve Fund for the purpose of accumulating resources to pay employees for compensated absences (time management leave and vacation leave). Resources are provided by other County funds, principally the major funds. Unused management leave and vacation leave is paid upon termination according to applicable union or non-union rules, and is recorded as an expenditure at time of payment. Sick pay, which does not vest, is recorded as expenditure when it is taken.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- K. Fund Equity:
In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
- L. Restricted Net Assets:
Restricted net assets reported in the Statement of Net Assets represent amounts for which constraints were imposed by creditors, grantors, contributors or laws or regulations.
- M. Cash Flows Statement:
For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Accordingly, all County investments are considered to be cash equivalents.
- N. Property Tax Calendar:
Property taxes attach as an enforceable lien on July 1 for real property and personal property. Taxes are levied as of July 1 and payable in three installments on November 15, February 15 and May 15. 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. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through liens, and are recorded in governmental funds as revenue when received.
- O. Comparative Data:
Comparative total data for the prior year have been presented only for the 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.
- P. Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported revenues and expenditures during the period. Actual results could differ from those estimates.
- Q. The County implemented GASB Statement 54 effective July 1, 2010 to account for fund balance reporting and governmental fund type definitions to enhance the usefulness of fund balance information by providing clarity of fund balance classification. The fund balance for governmental funds, in accordance with GASB 54 is reported in a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund Balance amounts are reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and permanent fund balances.

Fund Balance amounts are reported as restricted when the constraints placed on the use of resources are imposed by external parties, constitutional provisions or enabling legislation.

Fund Balance amounts are reported as committed when the resources are constrained for a specific purpose by a government using its highest level of decision making authority, which is the Board of County Commissioners and enacted by adopted resolutions. It would require action by the same group to remove or change the constraints placed.

Fund Balance amounts are reported as assigned for all other remaining positive amounts not classified as nonspendable, restricted, or committed and can only be assigned by highest level of decision making authority, which is the Board of County Commissioners.

Fund Balance amounts are reported as unassigned for the general fund that are not classified as categories above and deficit fund balances.

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

Fund Balances by classification for the year ended June 30, 2012 were as follows:

	General Fund	Major Special Revenue Fund	Major Capital Projects Fund	Other Non Major Funds	Total
Fund balances:					
Nonspendable:					
Inventory	\$ -	\$ 813,543	\$ -	\$ -	813,543
Permanent fund principal	-	-	-	414,672	414,672
Nonspendable Sub-Total:	-	813,543	-	414,672	1,228,215
Restricted for:					
Public Safety	-	270,923	-	604,207	875,130
Road/Bridge repairs	-	3,603,282	-	-	3,603,282
Road/Bridge Capital	-	-	419,090	-	419,090
Culture and Recreation	-	-	-	333,051	333,051
Community Development	-	2,576,386	-	1,622,696	4,199,082
Health and Human Svcs	-	297,383	-	133,003	430,386
Debt Service reserve	-	-	-	139,495	139,495
Public Cable Access	-	-	-	1,564	1,564
County Clerk Records	-	-	-	67,211	67,211
County School Trust	-	-	-	92	92
Restricted Sub-Total:	-	6,747,974	419,090	2,901,319	10,068,383
Committed to:					
Public Safety	-	3,497,082	-	-	3,497,082
Road/Bridge Capital	-	-	270,392	-	270,392
Culture and Recreation	-	-	-	-	-
Health and Human Svcs	-	36,854	-	-	36,854
Other Capital Projects	-	-	2,190,023	-	2,190,023
Committed Sub-Total:	-	3,533,936	2,460,415	-	5,994,351
Unassigned:	2,406,543	(227,058)	-	(55,510)	2,123,975
Unassigned Sub-Total:	2,406,543	(227,058)	-	(55,510)	2,123,975
Total fund balances	\$ 2,406,543	\$ 10,868,395	\$ 2,879,505	\$ 3,260,481	\$ 19,414,924

This level of detail is not required for display on the face of the balance sheet. Fund balance categories and classifications may be presented in detail or in the aggregate, if sufficient detail is provided in the notes to the financial statements.

NOTE 2 – CASH AND INVESTMENTS:

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

Cash on hand	\$ 68,065
Deposits with financial institutions	7,078,671
Investments	15,669,021
Total cash and investments	22,815,757
Less cash and investments in agency funds	(1,032,639)
Cash and investments, as reported in statement of net assets	\$ 21,783,118

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

NOTE 2 – CASH AND INVESTMENTS (Continued):

Deposits with financial institutions:

At June 30, 2012, the County's deposits with various financial institutions had a bank value of \$7,590,507. All deposits not covered by FDIC depository insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized or 25% their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At June 30, 2012, the County has deposits of \$1,988,891 insured by federal depository insurance and \$5,601,616 was collateralized under the PFCP.

Investments:

State statutes and the County's Investment Policy authorize the County to invest in various specific types of investments, including general obligations of the U.S. Government and its agencies and sponsored enterprises, certain state and local government securities, certain bankers' acceptances, interest bearing deposits in Oregon banks and credit unions, repurchase agreements, and the Oregon Local Government Investment Pool, among others. The County's Investment Policy allows most, but not all, investments allowed by state statute, and it allows only investments allowed by state statutes.

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

Investment in Oregon Local Government		
Investment Pool	\$ 13,680,157	87.3%
Securities of US Government agencies		
and sponsored enterprises:		
Federal Home Loan Mortgage Corp	1,000,000	6.4%
FICO Strips	<u>988,864</u>	<u>6.3%</u>
Total investments	<u>\$ 15,669,021</u>	<u>100.0%</u>

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.

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: 63% mature within 93 days, 17% mature from 94 days to one year, and 20% mature from one to three years. The County's

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

NOTE 2 – CASH AND INVESTMENTS (Continued):

policy for minimizing interest rate risk calls for structuring portfolio maturities to meet current cash requirements without selling prior to maturity, investing primarily in shorter-term securities and investment pools, and diversifying the portfolio by maturity date.

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

	<u>One to Two Years</u>	<u>Two to Three Years</u>
Securities of U.S. Government agencies and sponsored enterprises:		
Federal Home Loan Mortgage Corp	\$ -	\$ 1,000,000 *
FICO Strips	988,864	-
Total	<u>\$ 988,864</u>	<u>\$ 1,000,000</u>

* Callable in one year or less.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. At June 30, 2012, the County's investments were rated Aaa by Moody's.

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's investments in U.S. Government agency securities are held by the County's counterparty, not in the County's name.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES:

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	\$ 614,106	\$ 50,359
Public Works Fund	359	21,501
Public Safety Fund	52,699	115,047
Adult Corrections Fund	8,298	3,733
Public Health Fund	81,748	450,641
Mental Health Fund	2,500	667
Grant Projects Fund	900	14,322
Nonmajor Governmental Funds	86,774	216,588
Subtotal	847,384	872,858
Proprietary Funds:		
Airports Fund	0	522
Jail Commissary Fund	8,500	243
Internal Service Funds	<u>125,728</u>	<u>107,989</u>
Total all funds	<u>\$ 981,612</u>	<u>\$ 981,612</u>

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and when the related payments between funds are made.

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

NOTE 4 – CAPITAL ASSETS:

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

	<u>Balances July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances June 30, 2012</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 9,750,833	\$ -	\$ -	\$ 9,750,833
Construction in Progress	81,992	2,839,401	81,992	2,839,401
Total Capital Assets not being depreciated	<u>9,832,825</u>	<u>2,839,401</u>	<u>81,992</u>	<u>12,590,234</u>
Capital Assets being depreciated:				
Building and Improvements	36,114,397	172,364	-	36,286,761
Equipment	12,377,587	1,422,843	210,687	13,589,743
Infrastructure	69,225,590	44,000	-	69,269,590
Total Capital Assets being depreciated:	<u>117,717,574</u>	<u>1,639,207</u>	<u>210,687</u>	<u>119,146,094</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	12,638,462	1,042,390	-	13,680,852
Equipment	8,462,237	863,123	210,687	9,114,673
Infrastructure	51,741,957	626,662	-	52,368,619
Total Accumulated Depreciation	<u>72,842,656</u>	<u>2,532,175</u>	<u>210,687</u>	<u>75,164,144</u>
Total Capital Assets being depreciated, net	<u>44,874,918</u>	<u>(892,968)</u>	<u>-</u>	<u>43,981,950</u>
Governmental Activities Capital Assets, net	<u>\$ 54,707,743</u>	<u>\$ 1,946,433</u>	<u>\$ 81,992</u>	<u>\$ 56,572,184</u>
Business-type Activities:				
Capital Assets not being depreciated:				
Land	\$ 611,814	\$ -	\$ -	\$ 611,814
Construction in Progress	822,935	788,645	98,467	1,513,113
Total Capital Assets not being depreciated	<u>1,434,749</u>	<u>788,645</u>	<u>98,467</u>	<u>2,124,927</u>
Capital Assets being depreciated:				
Building and Improvements	5,075,461	-	-	5,075,461
Equipment	227,490	103,495	-	330,985
Total Capital Assets being depreciated	<u>5,302,951</u>	<u>103,495</u>	<u>-</u>	<u>5,406,446</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	3,522,282	206,436	-	3,728,718
Equipment	73,486	34,130	-	107,616
Total Accumulated Depreciation	<u>3,595,768</u>	<u>240,566</u>	<u>-</u>	<u>3,836,334</u>
Total Capital Assets being depreciated, net	<u>1,707,183</u>	<u>(137,071)</u>	<u>-</u>	<u>1,570,112</u>
Business-type Activities Capital Assets, net	<u>\$ 3,141,932</u>	<u>\$ 651,574</u>	<u>\$ 98,467</u>	<u>\$ 3,695,039</u>

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

NOTE 4 – CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions/programs of the County as follows:

Governmental Activities:

Public Safety	\$ 604,640
Culture and Recreation	160,579
General Government	302,551
Human Services	74,394
Public Works	1,044,748
Internal Service Funds	<u>345,263</u>

Total Depreciation Expense, Governmental Activities	<u><u>\$ 2,532,175</u></u>
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Business-type Activities:

Airports	<u>\$ 240,566</u>
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Total Depreciation Expense, Business-type Activities	<u><u>\$ 240,566</u></u>
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NOTE 5 – SHORT-TERM DEBT:

The County did not issue any short-term debt during the year ended June 30, 2012.

NOTE 6 – 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:					
Adult Jail Facility Bonds	\$ 6,350,000	\$ -	\$ 820,000	\$ 5,530,000	\$ 850,000
PERS Bond Series 2001A	5,300,000	-	620,000	4,680,000	670,000
PERS Bond Series 2001B	6,800,806	260,030	7,060,836	-	-
PERS Bond Series 2012	-	8,300,000	-	8,300,000	406,464
Loans Payable:					
OHCSO Secured Treatment Facility Loan	269,799	-	15,865	253,934	16,149
Compensated Absences Payable	2,812,000	2,221,500	2,116,500	2,917,000	2,129,410
Solid Waste Facilities Closure and Monitoring Cost Payable	2,520,000	-	60,000	2,460,000	79,000
Total Governmental Activities	<u><u>\$ 24,052,605</u></u>	<u><u>\$ 10,781,530</u></u>	<u><u>\$ 10,693,201</u></u>	<u><u>\$ 24,140,934</u></u>	<u><u>\$ 4,151,023</u></u>
Business-Type Activities:					
Compensated Absences Payable	\$ 4,000	18,500	9,500	13,000	9,500
Total Business-Type Activities	<u><u>\$ 4,000</u></u>	<u><u>\$ 18,500</u></u>	<u><u>\$ 9,500</u></u>	<u><u>\$ 13,000</u></u>	<u><u>\$ 9,500</u></u>

JOSEPHINE COUNTY, OREGON

Notes to Financial Statements

June 30, 2012

NOTE 6 – LONG TERM OBLIGATIONS (Continued):

Bonds Payable:

Adult Jail Facility Bond – In 1999, after Josephine County voters approved levies for the construction of an adult jail facility, the County issued \$13,940,000 in bonds for the construction of the facility. In June 2009, in order to get lower interest rates, the County made a principal payment of \$720,000 and did a current refunding of the remaining balance of \$8,165,000 on the 1999 bonds by issuing a new series of general obligation bonds with interest rates ranging from 3% to 5% and a final payment due on June 1, 2018. The new bonds have a face value of \$7,920,000 and were issued with a premium of \$391,656 and issuance costs of \$127,103. The premium and issuance costs will be amortized over the life of the bonds.

Annual debt service requirements of the Adult Jail Facility bonds are as follows:

Year Ended June 30,	Principal			June 30, 2012 Future Interest
	Outstanding July 1, 2011	Paid During Year	Outstanding June 30, 2012	
2012	\$ 820,000	\$ 820,000	\$ -	\$ -
2013	850,000	-	850,000	198,963
2014	880,000	-	880,000	170,263
2015	905,000	-	905,000	143,912
2016	930,000	-	930,000	116,762
2017	965,000	-	965,000	83,525
2018	1,000,000	-	1,000,000	50,000
Total	<u>\$ 6,350,000</u>	<u>\$ 820,000</u>	<u>\$ 5,530,000</u>	<u>\$ 763,425</u>

PERS Bond – In fiscal year 2001-02 the County issued \$12,894,947 of Limited Tax Pension Obligation Revenue Bonds and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover the County's unfunded actuarial liability at that time. In May 2012, in order to get lower interest rates, the County did a current refunding of the remaining balance of \$7,060,836 on the 2001B bonds by issuing a new series of Tax Pension obligation bonds with interest rates ranging from 3.25% to 4.625% and a final payment due on June 1, 2024. The new bonds have a face value of \$8,300,000 and were issued with a discount of \$198,760 and issuance costs of \$57,880. The discounts and issuance costs will be amortized over the life of the bonds. The new bonds are estimated to provide a net present value savings of over \$813,000. The County in effect reduced its aggregate debt service payments by \$1,060,027 over the next 12 years.

Annual debt service requirements of the PERS bonds are as follows:

PERS Bond Series 2001A:

Year Ended June 30,	Principal			June 30, 2012 Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year	Outstanding June 30, 2012	
2012	\$ 620,000	\$ 620,000	\$ -	\$ -
2013	670,000	-	670,000	332,246
2014	720,000	-	720,000	382,025
2015	770,000	-	770,000	434,095
2016	825,000	-	825,000	491,172
2017	880,000	-	880,000	557,735
2018	815,000	-	815,000	541,828
	<u>\$ 5,300,000</u>	<u>\$ 620,000</u>	<u>\$ 4,680,000</u>	<u>\$ 2,739,101</u>

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

NOTE 6 – LONG TERM OBLIGATIONS (Continued):

PERS Bond Series 2012:

Year Ended June 30,	Principal			June 30, 2012 Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year	Outstanding June 30, 2012	
2012	\$ -	\$ -	\$ -	\$ -
2013	45,000	-	45,000	361,464
2014	50,000	-	50,000	359,000
2015	50,000	-	50,000	357,375
2016	50,000	-	50,000	354,125
2017	55,000	-	55,000	352,338
2018-2022	6,625,000	-	6,625,000	1,599,363
2023-2024	1,425,000	-	1,425,000	65,906
	<u>\$ 8,300,000</u>	<u>\$ -</u>	<u>\$ 8,300,000</u>	<u>\$ 3,449,570</u>

Loans Payable:

OHCS D Secured Treatment Facility Loan – Obtained to acquire the Hugo Hills Secured Treatment Facility, the loan is payable in monthly installments of \$1,705 including interest at 1.75% per annum. The property is collateral for the loan. Annual debt service requirements to repay the OHCS D loan are as follows:

Year Ended June 30,	Principal			June 30, 2012 Future Interest
	Outstanding July 1, 2011	Paid During Year	Outstanding June 30, 2012	
2012	\$ 15,869	\$ 15,869	\$ -	\$ -
2013	16,149	-	16,149	4,315
2014	16,434	-	16,434	4,030
2015	16,724	-	16,724	3,740
2016	17,019	-	17,019	3,445
2017	17,319	-	17,319	3,145
2018-2022	91,286	-	91,286	11,031
2023-2026	79,003	-	79,003	2,855
	<u>\$ 269,803</u>	<u>\$ 15,869</u>	<u>\$ 253,934</u>	<u>\$ 32,561</u>

Solid Waste Facilities Closure Costs:

The County owns the Kerby Landfill, which closed during fiscal year 1993-94, and the Marlsan Lagoon, which closed during fiscal year 1996-97. Monitoring of the Marlsan Lagoon includes a landfill that was closed in 1976.

State and federal laws and regulations require the County to place final cover on the landfill and lagoon sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The \$2,460,000 reported as solid waste facilities closure costs liability at June 30, 2012 represents the best estimate of the County's liability for closure and post-closure care costs. These amounts are based on what it would cost to perform all closure and post-closure in 2012-13 and beyond. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Public Works Special Projects Fund is used to liquidate this liability.

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

NOTE 7 - INTERFUND TRANSFERS :

Interfund transfers during the year ended June 30, 2012 are as follows:

TRANSFER FROM (EXPENDITURE)		TRANSFER TO (REVENUE)	
Fund Name	Amount	Fund Name	Amount
General Fund	3,000,000	Public Safety Fund	3,000,000
General Fund	86,700	Grant Projects Fund	86,700
General Fund	120,000	Public Health Fund	120,000
General Fund	152,358	Nonmajor Funds	152,358
General Fund	356,600	Internal Service Funds	356,600
Subtotal	3,715,658		3,715,658
Public Works Fund	1,600,000	Nonmajor Funds	1,600,000
Public Works Fund	596,000	Internal Service Funds	596,000
Subtotal	2,196,000		2,196,000
Public Safety Fund	446,240	Nonmajor Funds	446,240
Public Safety Fund	1,486,100	Internal Service Funds	1,486,100
Subtotal	1,932,340		1,932,340
Adult Corrections Fund	2,400	Nonmajor Funds	2,400
Adult Corrections Fund	273,400	Internal Service Funds	273,400
Subtotal	275,800		275,800
Public Health Fund	217,700	Internal Service Funds	217,700
Subtotal	217,700		217,700
Mental Health Fund	16,300	Internal Service Funds	16,300
Subtotal	16,300		16,300
Grant Projects Fund	114,360	General Fund	114,360
Grant Projects Fund	247,300	Public Safety Fund	247,300
Grant Projects Fund	275,700	Adult Corrections Fund	275,700
Grant Projects Fund	80,000	Nonmajor Funds	80,000
Grant Projects Fund	30,000	Enterprise Funds	30,000
Grant Projects Fund	53,200	Internal Service Funds	53,200
Subtotal	800,560		800,560
Nonmajor Funds	16,829	Public Works Fund	16,829
Nonmajor Funds	49,000	Public Safety Fund	49,000
Nonmajor Funds	423,352	Nonmajor Funds	423,352
Nonmajor Funds	340,600	Internal Service Funds	340,600
Subtotal	829,781		829,781
Enterprise Funds	19,500	Internal Service Funds	19,500
Subtotal	19,500		19,500
Internal Service Funds	70,000	Public Works Funds	70,000
Internal Service Funds	377,048	Nonmajor Funds	377,048
Subtotal	447,048		447,048
Total Interfund Transfers	10,450,687		10,450,687

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

NOTE 7 – INTERFUND TRANSFERS (Continued):

Interfund 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, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 – RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There have been no settlements in excess of insurance coverage for the year ended June 30, 2012 or the preceding three years.

During fiscal year 1987-88 the County established the Self Insurance Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss. Effective July 1, 2006 the County began carrying commercial insurance for general liability, automobile and property loss or damage. Effective July 1, 2008, the County began carrying commercial insurance for workers compensation. However, the County is still at risk for losses which occurred prior to July 1, 2006 or July 1, 2008 respectively. Under the self insurance program, the Self Insurance Reserve Fund provides coverage for up to a maximum of \$100,000 for each general liability claim, \$100,000 for each automobile accident claim, \$25,000 for each property loss or damage, and the first \$400,000 for each workers compensation claim. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded the self-insurance retention (SIR) since the program began.

All funds of the County participate in the risk management program and currently make payments to the Insurance Reserve Fund based on estimates needed to pay prior year claims. The claims liability of \$0 reported in the Insurance Reserve Fund at June 30, 2012 is based on requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The claims liability is based on an evaluation of outstanding claims, using past experience and current assessments of potential and probable exposure, as well as an estimate for incurred but not reported claims as of June 30, 2012. Changes in estimates of claims costs resulting from the County's continuous review process and differences between estimates and payment of claims are recognized in the results of operations of the insurance fund.

Changes in the insurance reserve fund's claims liability amount in fiscal years 2012, 2011, and 2010 were:

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Balance – July 1	\$ 150,000	\$ 140,000	\$ 220,000
Current year claims and changes in estimates	(74,676)	116,573	124,808
Claim payments	<u>(75,324)</u>	<u>(106,573)</u>	<u>(204,808)</u>
Balance – June 30	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 140,000</u>

All of the prior year claims have been submitted, recorded, and paid in full as of June 30, 2012 including the ERB unfair labor practice complaint against the County which was reflected in the \$150,000 claims liability for last year. The resolution of the ERB complaint is explained more fully later in this note.

Claims liability for June 30, 2012 and forward should be zero, unless additional claims subject to prior year coverage are submitted. Otherwise all future claims will be covered by the County's insurance for which the County will be liable for the deductible amount only.

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

NOTE 8 – RISK MANAGEMENT (Continued):

In June 2006 AFSCME Council 75, Local 3694 (AFSCME) filed with the Employment Relations Board (ERB) an unfair labor practice complaint against the County. The complaint alleges that the County violated ORS 243.672(1)(a), (b), and (c) when it contracted out mental health services because of an AFSCME strike. On October 30, 2007 ERB signed an Order which required the County to reinstate former employees to the ASFCME bargaining unit; make the employees whole for the wages and benefits they would have received if they had continued working for the County, less interim earnings, with interest at 9 percent per annum; make ASFCME whole for any dues and fair share fee payments AFSCME would have received from former AFSCME bargaining unit members who previously worked for the County, with interest at 9 percent per annum; and pay AFSCME a civil penalty of \$1,000. The County appealed the ruling. The Court of Appeals ruled against the County on March 31, 2010. Final payments were made in January 2012 and have been recorded in these financial statements.

NOTE 9 – PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS:

Oregon Public Retirement System:

The County is a participating employer in the Oregon Public Employees Retirement System (OPERS), which provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. OPERS is administered under Oregon Revised Statutes (ORS) Chapter 238 and Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB).

Cities, counties, and special districts that participate in OPERS may choose to join the State and Local Government Rate Pool (SLGRP). State agencies, community colleges, and public institutions of higher education are required by law to be part of the pool. All Oregon school districts are required by law to be part of a separate school district pool. Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants. The County has elected to join the SLGRP. For members of the SLGRP, OPERS is a cost-sharing, multiple-employer plan.

OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>

County employees participate in one or more OPERS retirement plans that provide pension, death, disability, and post-employment health benefits:

- PERS (Public Employee Retirement System) is a defined benefit pension plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Legislature enacted a second level or “tier” for PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Through December 31, 2003 covered employees were required by state statute to contribute 6% of their annual salary to the PERS plan. Effective January 1, 2004, 6 percent of employee salaries have been placed in the IAP Account (see next section). Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The County’s annual required contribution rate for the fiscal year ended June 30, 2012 was 15.35% and will continue through June 30, 2013. The County’s anticipated annual required contribution rate for fiscal year 2013-14 will be 19.57%.

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

NOTE 9 – PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued):

- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit plan and a defined contribution plan.

The defined benefit plan is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. Based on the December 31, 2009 actuarial valuation, the County's required contribution rates for the year ended June 30, 2012 for the OPSRP defined benefit pension plan are 11.26% for general service employees and 13.97% for police and fire employees. The required contribution rates for the year ended June 30, 2013 will be same as prior year. The anticipated required contribution for the year ending June 30, 2014 based on the December 31, 2011 actuarial valuation will be 15.66% and 18.39% for general service and police/fire employees, respectively.

The defined contribution plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 are deposited in the member's IAP, not into the member's PERS account.

Annual Pension Cost

All participating employers are required by law to submit the contributions as adopted by the OPERB. The County's contributions, exclusive of the 6% "pick-up," for the years ending June 30, 2012, 2011, and 2010 were \$2,241,103, and \$2,024,482, and \$1,824,863 respectively, and are equal to the required contributions for each year.

Deferred Compensation:

The County has a deferred compensation plan available to its employees. The plan is qualified under IRC Section 457. Employees may elect to contribute to their individual deferred compensation accounts, and for Sheriff Association employees the County will match the contribution up to 3% of the employee's wages. The County's deferred compensation cost for the year ended June 30, 2012 was \$15,866.

Other post-employment benefits (OPEB):

The County has a health insurance continuation option available to most of its retirees. It is a substantive post-employment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires the County to make group health and dental insurance available to retirees from the date of retirement to age 65, and the premium rate they pay be the same as active employees and be calculated using claims experience from both retirees and active employees together. The difference between retiree claims costs (or age adjusted premiums), which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums is considered to be the County's implicit rate subsidy under GASB Statement 45. This single-employer "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

- Funding Policy: For the health insurance continuance option, the County collects health insurance premiums from participating employees each month and uses the money to pay premiums to third party health insurance providers. The required payment is based on projected pay-as-you-go financing requirements. During the year ended June 30, 2012, benefits paid on behalf of retirees exceeded the premiums they paid by \$118,919. The County has elected to not pre-fund the entire fiscal year 2012 annual required contribution (ARC) to the plan of \$310,281. The unfunded contribution, net of the premiums paid is \$282,964 for the year ended June 30, 2012.
- Annual OPEB Cost and Net OPEB Obligation: The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the

JOSEPHINE COUNTY, OREGON**Notes to Financial Statements****June 30, 2012****NOTE 9 – PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued):**

components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's OPEB obligation to the plan.

Annual Required Contribution (ARC):

Employer's normal cost	\$ 148,139
Amortization of Actuarial Accrued Liability (AAL)	<u>167,942</u>
Annual Required Contribution	<u>\$ 316,081</u>

Determination of OPEB Obligation:

ARC for current year, above	\$ 316,081
Interest on Net OPEB Obligation (BOY)	4,900
Adjustment to ARC for Net OPEB Obligation	<u>(10,700)</u>
Annual OPEB Cost	310,281
Expected contributions	<u>(191,362)</u>
Increase in Net OPEB Obligation	118,919
Net OPEB Obligation, Beginning of year	<u>164,045</u>
Net OPEB Obligation, End of year	<u>\$ 282,964</u>

The Net OPEB obligation of \$282,964 is reported in Governmental Activities in the government-wide financial statements.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Obligation for the year ended June 30, 2009 through 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Retiree Premiums Paid	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 219,000	\$ 192,000	87.7%	\$ 27,000
6/30/2010	\$ 220,000	\$ 202,400	92.0%	\$ 44,600
6/30/2011	\$ 314,481	\$ 195,036	62.0%	\$ 164,045
6/30/2012	\$ 310,281	\$ 191,362	61.7%	\$ 282,964

Annual OPEB costs are not available for years prior to June 30, 2009.

- **Funded Status and Funding Progress:** As of June 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,609,067 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,609,067. The covered payroll (annual payroll of active employees covered by the plans) was \$18,360,000 and the ratio of UAAL to the covered payroll was 14.21%.
- **Actuarial Methods and Assumptions:** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events 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 annual required contributions of the employer are subject to continual revision 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, presents trend information about the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

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

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

NOTE 9 – PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued):

It is assumed the future cost of the retiree health plan will retain its current relationship to the cost of the active plan, and that the active plan cost will maintain a reasonable relationship to direct compensation.

In the June 30, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The key actuarial assumptions are: (1) Investment returns: 3.0%; (2) Medical Annual Trend Rate: 10% initial increase, reducing to 4.0% over 12 years; and, (3) Dental Annual Trend Rate: 3.0%. The UAAL is being amortized as a level dollar amount over an open period of 20 years.

NOTE 10 – COMMITMENTS AND CONTINGENCIES:

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims for which an adverse judgment is probable and which can be reasonably estimated have been accrued in the County's Insurance Reserve Fund. In the opinion of County management, based on the advice of legal counsel and the County's insurance agent with respect to such other litigation and claims, the ultimate disposition of these matters will not have a material adverse effect on the financial position or results of operations of the County.

Amounts receivable or received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any unforeseen disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds.

NOTE 11 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information:

The County budgets all funds except Fiduciary Funds and clearing accounts.

The County follows these procedures, which conform to Local Budget Law for Oregon, in establishing the budgetary data reflected in the financial statements:

1. Around April 15, the County's Budget Officer and Board of County Commissioners submit a proposed budget to the County Budget Committee for the ensuing fiscal year starting July 1. The budget includes recommended expenditure category levels and the estimated revenues that will finance them.
2. The Budget Committee holds public hearings on the proposed budget and recommends a budget which is published at least two weeks prior to the adoption of the budget resolution by the County's Board of Commissioners at a public hearing.
3. After a hearing and prior to July 1, the budget is enacted by a Commissioners' resolution. If it is not enacted prior to July, the County has no authority to expend monies until the resolution is enacted.
4. The County's appropriation resolution established the level of control for expenditures at the department level for the General Fund, Public Safety Fund, Administrative Internal Service Fund, County Buildings and Fleet Fund, Public Works Special Programs Fund, Grant Projects Fund, and the Airports Fund and at the expenditure category level for all other funds, except for the 4-H Extension, which is budgeted at the fund level. The departments are authorized to transfer appropriations between line items within a category, but transfers between categories and departments must be approved by the Board of Commissioners by resolution at a regular business session. All other revisions that increase the total appropriations of any department or fund, other than through the receipt of a designated grant, must be made using a supplemental budget. This process requires a public hearing and enactment by the Board of Commissioners.

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

NOTE 11 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued):

5. The budget for the department or fund receiving designated grant money is increased by resolution of the Board of County Commissioners at a regular weekly business session.
6. Formal budgetary review is employed as a management control device during the year for all of the major governmental funds as well as the non-major special revenue, debt service, capital projects and permanent funds and the enterprise and internal service funds.
7. Appropriations lapse at the end of the fiscal year.

The County adopted one supplemental budget during the year.

The following fund had a budgetary over-expenditure as explained below:

Parks Fund

Materials & Services	\$33,117
Personal Services (under budget)	\$(12,284)

The Parks Fund receives no general fund support and is a self sustaining fund. Parks utility invoices were significantly higher in the month of June than anticipated. Also, year-end accruals were higher than anticipated since invoicing fell behind with staff losses. Parks has since corrected their staffing issue by sharing office staff with Forestry. The Parks Fund ended the year with a positive fund balance and was able to pay all expenses.

The following funds had a deficit fund balance as explained below:

Public Health Fund	\$227,058
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The Public Health Fund had unrealized revenues in Fees & Charges for services. Public Health under spent expenditure budget by \$170,198 but this did not make up enough revenue loss for the year. They have since corrected their fee structure to capture true cost of fee based programs, when available for collection. They have also re-structured their staffing to further reduce costs, where available.

Fairgrounds Fund	\$55,510
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The Fairgrounds Fund receives no general fund support and is a self sustaining fund. The two main events operated in this fund are the Horse Racing and County Fair which did not generate enough revenue to sustain the Fair Fund during non event months for the year. The Fair has made significant staff changes to reduce costs and have implemented new events to increase revenues during the year.

REQUIRED SUPPLEMENTARY INFORMATION



JOSEPHINE COUNTY, OREGON

MAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS

General Fund – The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except for those requiring separate accounting in another fund. The County departments that are in the general fund are Assessor, Clerk, Treasurer, Court Facilities and Security, Planning, Surveyor and Forestry. The primary source of revenue for the General Fund is property taxes. Significant operating transfers are made to other funds.

Public Works Fund – Functions performed by the County relative to publicly used facilities, principally roads and bridges are accounted for in this fund. Major sources of revenue include motor fuel taxes and forest service receipts. Expenditures are primarily for road construction and maintenance.

Public Safety Fund – This fund was formed effective July 1, 2006. It currently comprises three departments which were formerly in the General Fund. These departments are the District Attorney, Juvenile Justice and Sheriff. The largest source of revenue is O&C replacement money from the Federal Government and transfers from the General Fund. Other sources of revenue are charges for services and various federal and state grants.

Adult Corrections Fund – This fund was formed effective July 1, 2007 to separately account for the operations of the Adult Corrections Department, which had previously been in the Public Safety Fund. Adult Corrections supervises adult felony cases and administers the work crew programs. It is funded primarily by grants from the Oregon Department of Corrections.

Public Health Fund – This fund was formed effective July 1, 2007 and includes the Public Health Department and Animal Control Program. Public Health serves the public by operating many health programs, environmental health and enforcement programs, and the inmate clinic at the Adult Jail. The primary sources of funding are charges for services and grants from the Oregon Department of Human Services.

Mental Health Fund – This fund accounts for the activities of the Mental Health Authority which has oversight responsibility for mental health programs which are outsourced to non-profit organizations and other governmental agencies effective July 1, 2006. On July 1, 2007, the County resumed operating the Alcohol and Drug programs. Resources of this fund are primarily from federal and state grants and from alcohol tax. Expenditures are for mental health care activities.

Grant Projects Fund – This fund was established to account for expenditure of several grant funds received from federal, state and local agencies. This fund accounts for the use of O&C Title III funds, which are restricted for uses tied to federal land. Among such uses authorized are search, rescue and emergency services, community service work camps, conservation easement purchases, forest related educational opportunities and fire prevention. This fund receives Oregon Lottery funds from the state which are restricted for use in economic development activities. In addition this fund accounts for Community Development Block Grants (CDBG) from the federal government which is used for community development projects. The Veterans Service Office is also operated through this fund.

Budgetary Basis of Accounting – The County’s major funds are budgeted on the modified accrual basis of accounting.

JOSEPHINE COUNTY, OREGON
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,608,600	\$ 3,608,600	\$ 3,545,026	\$ (63,574)
Fees and Charges for Services	1,932,500	1,942,500	2,092,238	149,738
Intergovernmental Revenues	1,416,500	1,416,500	1,256,483	(160,017)
Other Revenues	412,900	420,900	250,664	(170,236)
Total Revenues	7,370,500	7,388,500	7,144,411	(244,089)
Expenditures:				
General Government				
Assessor				
Personal Services	1,084,400	1,084,400	1,021,498	62,902
Materials & Services	184,700	184,700	161,651	23,049
Total	1,269,100	1,269,100	1,183,149	85,951
Clerk				
Personal Services	366,600	366,600	362,029	4,571
Materials & Services	211,800	241,800	216,736	25,064
Total	578,400	608,400	578,765	29,635
Treasurer				
Personal Services	368,000	368,000	361,867	6,133
Materials & Services	144,200	144,200	129,791	14,409
Total	512,200	512,200	491,658	20,542
Total General Government	2,359,700	2,389,700	2,253,572	136,128
Public Safety				
Court Facilities and Security				
Materials & Services	289,000	289,000	286,422	2,578
Total	289,000	289,000	286,422	2,578
Community Development				
Planning				
Personal Services	473,500	473,500	442,420	31,080
Materials & Services	49,100	49,100	47,687	1,413
Total	522,600	522,600	490,107	32,493
Surveyor				
Personal Services	56,300	56,300	50,539	5,761
Materials & Services	13,300	13,300	8,960	4,340
Total	69,600	69,600	59,499	10,101

JOSEPHINE COUNTY, OREGON
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Forestry				
Personal Services	641,800	641,800	559,178	82,622
Materials & Services	261,100	261,100	196,567	64,533
Total	<u>902,900</u>	<u>902,900</u>	<u>755,745</u>	<u>147,155</u>
Total Community Development	<u>1,495,100</u>	<u>1,495,100</u>	<u>1,305,351</u>	<u>189,749</u>
 Nondepartmental				
Materials & Services	-	-	-	-
Contingency	1,929,700	1,899,700	-	1,899,700
Total Nondepartmental	<u>1,929,700</u>	<u>1,899,700</u>	<u>-</u>	<u>1,899,700</u>
 Grand Total Expenditures	<u>6,073,500</u>	<u>6,073,500</u>	<u>3,845,345</u>	<u>2,228,155</u>
 Excess of Revenues Over (Under) Expenditures	<u>1,297,000</u>	<u>1,315,000</u>	<u>3,299,066</u>	<u>1,984,066</u>
 Other Financing Sources (Uses):				
Transfers In	342,500	342,500	114,360	(228,140)
Transfers Out	(3,929,700)	(3,947,700)	(3,715,658)	232,042
Total Other Financing Sources (Uses)	<u>(3,587,200)</u>	<u>(3,605,200)</u>	<u>(3,601,298)</u>	<u>3,902</u>
 Net change in Fund Balances	<u>(2,290,200)</u>	<u>(2,290,200)</u>	<u>(302,232)</u>	<u>1,987,968</u>
 Fund Balances - July 1, 2011	<u>2,290,200</u>	<u>2,290,200</u>	<u>2,708,775</u>	<u>418,575</u>
 Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,406,543</u>	<u>\$ 2,406,543</u>

JOSEPHINE COUNTY, OREGON
Public Works Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 74,000	\$ 74,000	\$ 102,073	\$ 28,073
Intergovernmental Revenues	8,035,000	8,035,000	6,968,431	(1,066,569)
Interfund Charges for Services	-	-	2,116	2,116
Other Revenues	67,000	67,000	135,734	68,734
Total Revenues	<u>8,176,000</u>	<u>8,176,000</u>	<u>7,208,354</u>	<u>(967,646)</u>
Expenditures:				
Public Works				
Personal Services	4,419,000	4,294,000	4,216,077	77,923
Materials & Services	2,023,900	2,148,900	1,673,486	475,414
Contingency	3,712,500	3,712,500	-	3,712,500
Total	<u>10,155,400</u>	<u>10,155,400</u>	<u>5,889,563</u>	<u>4,265,837</u>
 Grand Total Expenditures	 <u>10,155,400</u>	 <u>10,155,400</u>	 <u>5,889,563</u>	 <u>4,265,837</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(1,979,400)</u>	 <u>(1,979,400)</u>	 <u>1,318,791</u>	 <u>3,298,191</u>
Other Financing Sources (Uses):				
Transfers In	91,800	91,800	86,829	(4,971)
Transfers Out	(2,490,400)	(2,490,400)	(2,196,000)	294,400
Total Other Financing Sources (Uses)	<u>(2,398,600)</u>	<u>(2,398,600)</u>	<u>(2,109,171)</u>	<u>289,429</u>
 Net change in Fund Balances	 (4,378,000)	 (4,378,000)	 (790,380)	 3,587,620
 Fund Balances - July 1, 2011	 <u>4,378,000</u>	 <u>4,378,000</u>	 <u>5,207,205</u>	 <u>829,205</u>
 Fund Balances - June 30, 2012	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,416,825</u>	 <u>\$ 4,416,825</u>

JOSEPHINE COUNTY, OREGON
Public Safety Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 1,704,900	\$ 1,204,900	\$ 1,212,505	\$ 7,605
Intergovernmental Revenues	6,156,100	6,684,500	6,917,812	233,312
Other Revenues	80,700	80,700	28,520	(52,180)
Total Revenues	<u>7,941,700</u>	<u>7,970,100</u>	<u>8,158,837</u>	<u>188,737</u>
Expenditures:				
Public Safety				
District Attorney				
Personal Services	1,793,500	1,793,500	1,754,079	39,421
Materials & Services	211,700	211,700	179,330	32,370
Total	<u>2,005,200</u>	<u>2,005,200</u>	<u>1,933,409</u>	<u>71,791</u>
Juvenile Justice				
Personal Services	2,039,700	2,039,700	1,892,850	146,850
Materials & Services	287,900	287,900	239,075	48,825
Total	<u>2,327,600</u>	<u>2,327,600</u>	<u>2,131,925</u>	<u>195,675</u>
Sheriff				
Personal Services	8,948,900	8,948,900	8,568,759	380,141
Materials & Services	2,841,800	2,841,800	2,837,911	3,889
Total	<u>11,790,700</u>	<u>11,790,700</u>	<u>11,406,670</u>	<u>384,030</u>
Total Public Safety	<u>16,123,500</u>	<u>16,123,500</u>	<u>15,472,004</u>	<u>651,496</u>
Nondepartmental				
Contingency	2,297,500	2,297,500	-	2,297,500
Total Nondepartmental	<u>2,297,500</u>	<u>2,297,500</u>	<u>-</u>	<u>2,297,500</u>
Grand Total Expenditures	<u>18,421,000</u>	<u>18,421,000</u>	<u>15,472,004</u>	<u>2,948,996</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,479,300)</u>	<u>(10,450,900)</u>	<u>(7,313,167)</u>	<u>3,137,733</u>
Other Financing Sources (Uses):				
Transfers In	3,371,300	3,371,300	3,296,300	(75,000)
Transfers Out	(1,904,000)	(1,932,400)	(1,932,340)	60
Total Other Financing Sources (Uses)	<u>1,467,300</u>	<u>1,438,900</u>	<u>1,363,960</u>	<u>(74,940)</u>
Net change in Fund Balances	(9,012,000)	(9,012,000)	(5,949,207)	3,062,793
Fund Balances - July 1, 2011	<u>9,012,000</u>	<u>9,012,000</u>	<u>9,446,289</u>	<u>434,289</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,497,082</u>	<u>\$ 3,497,082</u>

JOSEPHINE COUNTY, OREGON
Adult Corrections Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 519,400	\$ 519,400	\$ 503,071	\$ (16,329)
Intergovernmental Revenues	2,465,700	2,530,700	2,381,894	(148,806)
Interfund Charges for Services	81,300	81,300	62,721	(18,579)
Other Revenues	32,900	32,900	29,288	(3,612)
Total Revenues	<u>3,099,300</u>	<u>3,164,300</u>	<u>2,976,974</u>	<u>(187,326)</u>
Expenditures:				
Personal Services	2,397,600	2,397,600	2,327,165	70,435
Materials and Services	709,600	774,600	720,326	54,274
Contingency	282,500	282,500	-	282,500
Total Expenditures	<u>3,389,700</u>	<u>3,454,700</u>	<u>3,047,491</u>	<u>407,209</u>
Excess of Revenues Over (Under) Expenditures	<u>(290,400)</u>	<u>(290,400)</u>	<u>(70,517)</u>	<u>219,883</u>
Other Financing Sources (Uses)				
Transfers In	275,700	275,700	275,700	-
Transfers Out	(275,800)	(275,800)	(275,800)	-
Total Other Financing Sources (Uses)	<u>(100)</u>	<u>(100)</u>	<u>(100)</u>	<u>-</u>
Net change in Fund Balances	(290,500)	(290,500)	(70,617)	219,883
Fund Balances - July 1, 2011	<u>290,500</u>	<u>290,500</u>	<u>341,540</u>	<u>51,040</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,923</u>	<u>\$ 270,923</u>

JOSEPHINE COUNTY, OREGON
Public Health Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 1,416,300	\$ 1,416,300	\$ 943,242	\$ (473,058)
Intergovernmental Revenues	1,052,300	1,052,300	1,051,851	(449)
Interfund Charges for Services	466,000	466,000	491,136	25,136
Other Revenues	143,400	143,400	192,888	49,488
Total Revenues	<u>3,078,000</u>	<u>3,078,000</u>	<u>2,679,117</u>	<u>(398,883)</u>
Expenditures:				
Personal Services	2,024,000	1,986,000	1,853,407	132,593
Materials and Services	859,800	859,800	856,695	3,105
Debt Service	62,000	100,000	100,000	-
Contingency	34,500	34,500	-	34,500
Total Expenditures	<u>2,980,300</u>	<u>2,980,300</u>	<u>2,810,102</u>	<u>170,198</u>
Excess of Revenues Over (Under) Expenditures	<u>97,700</u>	<u>97,700</u>	<u>(130,985)</u>	<u>(228,685)</u>
Other Financing Sources (Uses)				
Transfers In	120,000	120,000	120,000	-
Transfers Out	(217,700)	(217,700)	(217,700)	-
Total Other Financing Sources (Uses)	<u>(97,700)</u>	<u>(97,700)</u>	<u>(97,700)</u>	<u>-</u>
Net change in Fund Balances	-	-	(228,685)	(228,685)
Fund Balances - July 1, 2011	<u>-</u>	<u>-</u>	<u>1,627</u>	<u>1,627</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (227,058)</u>	<u>\$ (227,058)</u>

JOSEPHINE COUNTY, OREGON
Mental Health Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 31,000	\$ 31,000	\$ 27,931	\$ (3,069)
Intergovernmental Revenues	4,340,314	4,340,314	4,271,921	(68,393)
Other Revenues	172,000	172,000	108,413	(63,587)
Total Revenues	<u>4,543,314</u>	<u>4,543,314</u>	<u>4,408,265</u>	<u>(135,049)</u>
Expenditures:				
Personal Services	268,400	268,400	215,796	52,604
Materials and Services	4,204,514	4,204,514	4,107,058	97,456
Debt Service	20,500	20,500	20,456	44
Contingency	192,000	192,000	-	192,000
Total Expenditures	<u>4,685,414</u>	<u>4,685,414</u>	<u>4,343,310</u>	<u>342,104</u>
Excess of Revenues Over (Under) Expenditures	<u>(142,100)</u>	<u>(142,100)</u>	<u>64,955</u>	<u>207,055</u>
Other Financing Sources (Uses)				
Transfers Out	(16,300)	(16,300)	(16,300)	-
Total Other Financing Sources (Uses)	<u>(16,300)</u>	<u>(16,300)</u>	<u>(16,300)</u>	<u>-</u>
Net change in Fund Balances	(158,400)	(158,400)	48,655	207,055
Fund Balances - July 1, 2011	<u>158,400</u>	<u>158,400</u>	<u>248,728</u>	<u>90,328</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,383</u>	<u>\$ 297,383</u>

JOSEPHINE COUNTY, OREGON
Grant Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 812,000	\$ 1,119,000	\$ 1,148,827	\$ 29,827
Other Revenues	40,000	40,000	65,419	25,419
Total Revenues	852,000	1,159,000	1,214,246	55,246
Expenditures:				
Community Development:				
Title III				
Materials & Services	1,390,500	1,390,500	1,103,877	286,623
Total	1,390,500	1,390,500	1,103,877	286,623
Community Development Block Grant (CDBG)				
Materials & Services	-	177,000	176,437	563
Total	-	177,000	176,437	563
Economic Development				
Materials & Services	-	130,000	95,500	34,500
Total	-	130,000	95,500	34,500
Total Community Development	1,390,500	1,697,500	1,375,814	321,686
Human Services:				
Veterans Service Office				
Personal Services	111,000	111,000	104,140	6,860
Materials & Services	30,000	30,000	13,342	16,658
Total	141,000	141,000	117,482	23,518
Total Human Services	141,000	141,000	117,482	23,518
Nondepartmental				
Contingency	2,199,200	2,199,200	-	2,199,200
Total nondepartmental	2,199,200	2,199,200	-	2,199,200
Grand Total Expenditures	3,730,700	4,037,700	1,493,296	2,544,404
Excess of Revenues Over (Under) Expenditures	(2,878,700)	(2,878,700)	(279,050)	2,599,650
Other Financing Sources (Uses):				
Transfers In	86,700	86,700	86,700	-
Transfers Out	(856,700)	(856,700)	(800,560)	56,140
Total Other Financing Sources (Uses)	(770,000)	(770,000)	(713,860)	56,140
Net change in Fund Balances	(3,648,700)	(3,648,700)	(992,910)	2,655,790
Fund Balances - July 1, 2011	3,648,700	3,648,700	3,606,150	(42,550)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 2,613,240	\$ 2,613,240

JOSEPHINE COUNTY, OREGON

Note to Required Supplementary Information
June 30, 2012

Schedule of Funding Progress - Other Post-Employment Benefits (OPEB):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a / c)
6/30/2012	\$ -	\$ 2,609,067	\$ 2,609,067	0%	\$ 18,360,000	14.21%



Indian Mary Park

Merlin, Oregon

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



JOSEPHINE COUNTY, OREGON

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS

Building Safety and Electrical Inspection Fund – This fund accounts for fees collected for electrical inspections and building and safety inspections, which by requirement must be segregated and used only to fund these inspections.

PEG Access Fund – Josephine County Ordinance 98-1 authorizes the Board of County Commissioners to grant non-exclusive franchises for the operation of cable communication systems within the unincorporated area of Josephine County. Revenues are received from franchise fees. Expenditures are for public cable access.

Public Works Special Projects Fund – This fund accounts for the operations of the North Valley Industrial Park and former disposal sites, Kerby Landfill and Marlsan Lagoon. Revenues are from grants, sales of NVIP lots, sanitation franchise and sewer fees. Expenditures are for ongoing monitoring and remediation of disposal sites and NVIP liens and assessments associated with industrial park development.

County Clerk Records Fund – State law requires five percent of certain fees collected by the clerk's office be set aside for acquiring storage and retrieval systems, payment of expenses incurred in collecting those fees, and maintaining and restoring records as authorized.

Public Land Corner Preservation Fund – This fund accounts for the activities associated with preserving, maintaining and re-establishing corner monuments that are part of the Public Land Survey System. Revenues are from fees for certain documents recorded with the County Clerk. Expenditures are for personal services and supplies.

Juvenile Justice Special Programs Fund – This fund accounts for CASA, Court Mediation and Juvenile Flexible Services programs, which are funded by dedicated funds and contract monies.

District Attorney's Special Programs Fund – This fund accounts for Child Support Program and CAMI (Child Abuse Multidisciplinary Intervention) programs; funded by dedicated funds.

District Attorney's Forfeitures Fund – This fund accounts for monies and property received as forfeitures in drug related prosecutions. These forfeitures are the major source of revenue. Expenditures are for general administration of the DA's office.

Sheriff (Forfeiture) Trust Fund – This fund accounts for property seized related to illegal drug activities. Expenditures are for the investigations performed to uncover these activities.

Sheriff Programs Trust Fund – This fund accounts for donations and trust monies received for various programs of the Sheriff's Office.

Josephine County Fair Fund – This fund accounts for operations of the county fairgrounds. Revenues include annual fair, horse racing proceeds, and economic development transfer from Oregon Lottery dollars. Expenditures are for the management of the county fair, events and facilities. The Fair Board has responsibility for operational and financial management of the fair.

Library Programs Trust Fund – This fund is for the management of gifts, donations, grants and other supplementary funding for the benefit of the Josephine County Library System. Most gifts are donated to the library for specific purposes. The fund can also be used for unrestricted gifts and grants. This fund includes Library Trust, Kaye Jean Turner and George R. Borders Memorial trust monies.

JOSEPHINE COUNTY, OREGON

Parks Operating Fund – This fund is used to account for the operations of the County's parklands and other facilities, which include the Granite Hill Cemetery. Major revenue sources include grants, user fees, and an economic development transfer from Oregon Lottery funds. Expenditures are for the management and maintenance of the county parks and facilities.

4-H Extension Fund – This fund accounts for moneys received for the operation of the County 4-H Extension Service. The major source of revenue is property tax collections for the 4-H Service District. Expenditures are for the administration and operation of the District.

Transit Fund – This fund accounts for the operations of the Josephine County Transit System, which is a fleet of busses that provide special transportation to seniors and people with disabilities and fixed route general public bus transportation between Grants Pass and Cave Junction and Wolf Creek. Revenues are primarily from grants and user fees.

Commission for Children and Families Fund – This fund receives money from state and federal grants to provide assistance to children and families in crisis. Expenditures are for program operations, including distributions to other funds and outside agencies.

Human Service Programs Trust Fund – This fund accounts for donations and trust money related to various human service programs. This fund includes Veteran Service Office donations, Alcohol & Drug Treatment trust, Jennifer Patton Memorial, Zelzie Reed and William MacKenzie trust monies.

County Schools Trust Fund – This fund is used to distribute monies received by the County to the city and county school districts. Major funding comes from a portion of the Federal Forest Reserve receipts which are allocated to schools. Apportionment of these funds between the school districts is based on the average daily enrollments for the previous fiscal year.

NONMAJOR DEBT SERVICE FUNDS

Adult Jail Facility Bonded Debt Service Fund – This fund accounts for the collection of property taxes related to the retirement of the bonds issued for the construction of the Adult Jail. Josephine County voters approved the levy in the November 3, 1998 general election.

PERS Bonded Debt Service Fund – The County created this fund fiscal year 2001-02 and completed financing the PERS unfunded actuarial liability that existed. The revenue is being received from all County departments. The related debt payments are recorded in this fund.

NONMAJOR CAPITAL PROJECT FUNDS

County Bridge Construction Fund – This fund accounts for grant money received from the Oregon Transportation Investment Act to rebuild certain bridges in the County.

Roads and Bridges Reserve Fund – This fund is intended to accumulate funds for major repairs or improvements to county owned infrastructure, primarily roads and bridges. The Board of County Commissioners established this July 1, 2008 for a period of ten years.

Property Reserve Fund – This fund is to accumulate funds for major repairs or improvements to county owned real property or to purchase real property for use in the County's operations. The Board of County Commissioners established this July 1, 2006 for a period of ten years.

Equipment Reserve Fund – This fund is to accumulate funds to purchase items of equipment having a cost in excess of \$5,000. The Board of County Commissioners established this July 1, 2006 for a period of ten years.

JOSEPHINE COUNTY, OREGON
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Current Assets:				
Cash & Investments	\$ 3,615,342	\$ 131,047	\$ 3,092,329	\$ 6,838,718
Taxes Receivable	28,773	108,994	-	137,767
Other Receivables	24,328	-	209,612	233,940
Due From Other Governments	259,800	-	-	259,800
Due From Other Funds	23,958	-	62,816	86,774
Other Assets	61,850	-	-	61,850
Total Assets	<u>\$ 4,014,051</u>	<u>\$ 240,041</u>	<u>\$ 3,364,757</u>	<u>\$ 7,618,849</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 357,795	\$ -	\$ 482,572	\$ 840,367
Accrued Payroll Liabilities	154,928	-	-	154,928
Due To Other Funds	213,908	-	2,680	216,588
Deferred Revenue	163,927	100,546	-	264,473
Other Liabilities	2,507	-	-	2,507
Total Liabilities	<u>893,065</u>	<u>100,546</u>	<u>485,252</u>	<u>1,478,863</u>
Fund Balances:				
Nonspendable	414,672	-	-	414,672
Restricted	2,761,824	139,495	419,090	3,320,409
Committed	-	-	2,460,415	2,460,415
Unassigned	(55,510)	-	-	(55,510)
Total Fund Balances	<u>3,120,986</u>	<u>139,495</u>	<u>2,879,505</u>	<u>6,139,986</u>
Total Liabilities and Fund Balances	<u>\$ 4,014,051</u>	<u>\$ 240,041</u>	<u>\$ 3,364,757</u>	<u>\$ 7,618,849</u>

JOSEPHINE COUNTY, OREGON
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 272,638	\$ 990,086	\$ -	\$ 1,262,724
Fees and Charges for Services	2,073,489	-	77,138	2,150,627
Intergovernmental Revenues	2,742,666	-	283,117	3,025,783
Interfund Charges for Services	-	1,114,500	-	1,114,500
Other Revenues	359,092	18,145	25,709	402,946
Total Revenues	5,447,885	2,122,731	385,964	7,956,580
Expenditures:				
General Government	459,106	-	1,021,015	1,480,121
Public Safety	414,964	-	44,000	458,964
Public Works	-	-	3,749,779	3,749,779
Culture and Recreation	2,354,781	-	60,807	2,415,588
Community Development	758,874	-	-	758,874
Health and Human Services	1,422,291	-	471,589	1,893,880
Debt Service - Principal	-	1,440,000	-	1,440,000
Debt Service - Interest	-	719,157	-	719,157
Debt Service - Bond issuance cost	-	57,880	-	57,880
Total Expenditures	5,410,016	2,217,037	5,347,190	12,974,243
Excess of Revenues Over (Under)				
Expenditures	37,869	(94,306)	(4,961,226)	(5,017,663)
Other Financing Sources (Uses):				
Transfers In	227,124	-	2,854,274	3,081,398
Transfers Out	(829,781)	-	-	(829,781)
Refunding bonds issued	-	8,300,000	-	8,300,000
Discount on refunding bonds	-	(198,760)	-	(198,760)
Payment to refunding bond escrow agent	-	(8,043,360)	-	(8,043,360)
Total Other Financing Sources (Uses)	(602,657)	57,880	2,854,274	2,309,497
Net change in Fund Balances	(564,788)	(36,426)	(2,106,952)	(2,708,166)
Fund Balances - July 1, 2011	3,685,774	175,921	4,986,457	8,848,152
Fund Balances - June 30, 2012	\$ 3,120,986	\$ 139,495	\$ 2,879,505	\$ 6,139,986

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Combining Balance Sheet
June 30, 2012

	Building Safety & Electrical Inspection Fund	PEG Access Fund	Public Works Special Projects Fund	County Clerk Records Fund	Public Land Corner Preservation Fund
Assets:					
Current Assets:					
Cash & Investments	\$ 1,540,377	\$ 492	\$ 83,089	\$ 67,211	\$ 37,147
Taxes Receivable	-	-	-	-	-
Other Receivables	-	-	778	-	-
Due From Other Governments	405	-	9,968	-	-
Due From Other Funds	-	10,000	-	-	-
Other Assets	-	-	-	-	-
Total Assets	\$ 1,540,782	\$ 10,492	\$ 93,835	\$ 67,211	\$ 37,147
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 5,981	\$ 8,928	\$ 4,726	\$ -	\$ -
Accrued Payroll Liabilities	31,090	-	-	-	7,243
Due To Other Governments	-	-	-	-	-
Due To Other Funds	28	-	-	-	-
Deferred Revenue	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Total Liabilities	37,099	8,928	4,726	-	7,243
Fund Balances:					
Nonspendable Fund Balance	-	-	-	-	-
Restricted Fund Balance	1,503,683	1,564	89,109	67,211	29,904
Unassigned Fund Balance	-	-	-	-	-
Total Fund Balances	1,503,683	1,564	89,109	67,211	29,904
Total Liabilities and Fund Balances	\$ 1,540,782	\$ 10,492	\$ 93,835	\$ 67,211	\$ 37,147

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances**
For the Year Ended June 30, 2012

Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and Charges for Services	321,442	29,355	12,479	17,747	116,765
Intergovernmental Revenues	-	-	-	-	-
Other Revenues	6,867	87	52,912	1,442	162
Total Revenues	328,309	29,442	65,391	19,189	116,927
Expenditures:					
General Government	-	61,593	-	45,511	-
Public Safety	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Community Development	571,131	-	79,547	-	108,196
Health and Human Services	-	-	-	-	-
Total Expenditures	571,131	61,593	79,547	45,511	108,196
Excess of Revenues Over (Under)					
Expenditures	(242,822)	(32,151)	(14,156)	(26,322)	8,731
Other Financing Sources (Uses):					
Transfers In	35,000	10,000	12,300	-	-
Transfers Out	(57,300)	-	(22,029)	(18,780)	(13,400)
Total Other Financing Sources (Uses)	(22,300)	10,000	(9,729)	(18,780)	(13,400)
Net change in Fund Balances	(265,122)	(22,151)	(23,885)	(45,102)	(4,669)
Fund Balances - June 30, 2011	1,768,805	23,715	112,994	112,313	34,573
Fund Balances - June 30, 2012	\$ 1,503,683	\$ 1,564	\$ 89,109	\$ 67,211	\$ 29,904

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Combining Balance Sheet (Continued)
June 30, 2012

	Juvenile Justice Special Programs Fund	District Attorney's Special Programs Fund	District Attorney's Forfeitures Fund	Sheriff (Forfeiture) Trust Fund	Sheriff Programs Trust Fund
Assets:					
Current Assets:					
Cash & Investments	\$ 38,906	\$ 115,184	\$ 279,480	\$ 155,324	\$ 66,576
Taxes Receivable	-	-	-	-	-
Other Receivables	-	-	-	-	-
Due From Other Governments	3,005	22,823	-	-	-
Due From Other Funds	-	-	-	6,000	7,958
Other Assets	-	-	-	-	-
Total Assets	\$ 41,911	\$ 138,007	\$ 279,480	\$ 161,324	\$ 74,534
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 974	\$ 2,502	\$ -	\$ 20,938	\$ 1,238
Accrued Payroll Liabilities	16,277	-	-	-	-
Due To Other Governments	-	-	-	-	-
Due To Other Funds	-	49,000	-	120	-
Deferred Revenue	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Total Liabilities	17,251	51,502	-	21,058	1,238
Fund Balances:					
Nonspendable Fund Balance	-	-	-	-	-
Restricted Fund Balance	24,660	86,505	279,480	140,266	73,296
Unassigned Fund Balance	-	-	-	-	-
Total Fund Balances	24,660	86,505	279,480	140,266	73,296
Total Liabilities and Fund Balances	\$ 41,911	\$ 138,007	\$ 279,480	\$ 161,324	\$ 74,534

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)**
For the Year Ended June 30, 2012

Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and Charges for Services	5,630	-	-	-	23,772
Intergovernmental Revenues	100,826	127,065	4,920	884	-
Other Revenues	10,775	458	1,143	9,582	45,554
Total Revenues	117,231	127,523	6,063	10,466	69,326
Expenditures:					
General Government	-	-	-	-	-
Public Safety	236,469	33,525	-	109,760	35,077
Culture and Recreation	-	-	-	-	-
Community Development	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Total Expenditures	236,469	33,525	-	109,760	35,077
Excess of Revenues Over (Under)					
Expenditures	(119,238)	93,998	6,063	(99,294)	34,249
Other Financing Sources (Uses):					
Transfers In	81,866	-	-	-	7,958
Transfers Out	(19,300)	(85,000)	-	-	-
Total Other Financing Sources (Uses)	62,566	(85,000)	-	-	7,958
Net change in Fund Balances	(56,672)	8,998	6,063	(99,294)	42,207
Fund Balances - June 30, 2011	81,332	77,507	273,417	239,560	31,089
Fund Balances - June 30, 2012	\$ 24,660	\$ 86,505	\$ 279,480	\$ 140,266	\$ 73,296

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Combining Balance Sheet (Continued)
June 30, 2012

	Fairgrounds Fund	Library Programs Trust Fund	Parks Operating Fund	4H Extension Fund	Transit Fund
Assets:					
Current Assets:					
Cash & Investments	\$ 148,801	\$ 580,981	\$ 107,826	\$ 175,101	\$ -
Taxes Receivable	-	-	-	28,773	-
Other Receivables	-	-	3,500	-	20,000
Due From Other Governments	-	-	98,014	-	104,535
Due From Other Funds	-	-	-	-	-
Other Assets	-	61,850	-	-	-
Total Assets	\$ 148,801	\$ 642,831	\$ 209,340	\$ 203,874	\$ 124,535
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 68,398	\$ -	\$ 56,616	\$ 132,664	\$ 2,578
Accrued Payroll Liabilities	17,421	-	16,118	-	56,690
Due To Other Governments	-	-	-	-	-
Due To Other Funds	101,647	-	614	-	62,256
Deferred Revenue	14,345	-	122,965	26,617	-
Other Liabilities	2,500	-	(10)	-	-
Total Liabilities	204,311	-	196,303	159,281	121,524
Fund Balances:					
Nonspendable Fund Balance	-	367,410	-	-	-
Restricted Fund Balance	-	275,421	13,037	44,593	3,011
Unassigned Fund Balance	(55,510)	-	-	-	-
Total Fund Balances	(55,510)	642,831	13,037	44,593	3,011
Total Liabilities and Fund Balances	\$ 148,801	\$ 642,831	\$ 209,340	\$ 203,874	\$ 124,535

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)**
For the Year Ended June 30, 2012

Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 272,638	\$ -
Fees and Charges for Services	645,593	-	715,273	-	181,064
Intergovernmental Revenues	291,502	-	352,056	-	1,131,129
Other Revenues	161,254	2,467	517	1,955	52,013
Total Revenues	1,098,349	2,467	1,067,846	274,593	1,364,206
Expenditures:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Culture and Recreation	1,182,305	28,514	872,133	271,829	-
Community Development	-	-	-	-	-
Health and Human Services	-	-	-	-	1,045,375
Total Expenditures	1,182,305	28,514	872,133	271,829	1,045,375
Excess of Revenues Over (Under)					
Expenditures	(83,956)	(26,047)	195,713	2,764	318,831
Other Financing Sources (Uses):					
Transfers In	40,000	-	40,000	-	-
Transfers Out	(71,781)	-	(78,700)	-	(422,825)
Total Other Financing Sources (Uses)	(31,781)	-	(38,700)	-	(422,825)
Net change in Fund Balances	(115,737)	(26,047)	157,013	2,764	(103,994)
Fund Balances - June 30, 2011	60,227	668,878	(143,976)	41,829	107,005
Fund Balances - June 30, 2012	\$ (55,510)	\$ 642,831	\$ 13,037	\$ 44,593	\$ 3,011

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Combining Balance Sheet (Continued)
June 30, 2012

	Commission for Children and Families Fund	Human Service Programs Trust Fund	County Schools Trust Fund	Total Nonmajor Special Revenue Funds
Assets:				
Current Assets:				
Cash & Investments	\$ 82,628	\$ 136,127	\$ 92	\$ 3,615,342
Taxes Receivable	-	-	-	28,773
Other Receivables	50	-	-	24,328
Due From Other Governments	21,050	-	-	259,800
Due From Other Funds	-	-	-	23,958
Other Assets	-	-	-	61,850
Total Assets	\$ 103,728	\$ 136,127	\$ 92	\$ 4,014,051
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 52,119	\$ 133	\$ -	\$ 357,795
Accrued Payroll Liabilities	10,089	-	-	154,928
Due To Other Governments	-	-	-	-
Due To Other Funds	243	-	-	213,908
Deferred Revenue	-	-	-	163,927
Other Liabilities	-	17	-	2,507
Total Liabilities	62,451	150	-	893,065
Fund Balances:				
Nonspendable Fund Balance	-	47,262	-	414,672
Restricted Fund Balance	41,277	88,715	92	2,761,824
Unassigned Fund Balance	-	-	-	(55,510)
Total Fund Balances	41,277	135,977	92	3,120,986
Total Liabilities and Fund Balances	\$ 103,728	\$ 136,127	\$ 92	\$ 4,014,051

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)**
For the Year Ended June 30, 2012

Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 272,638
Fees and Charges for Services	4,369	-	-	2,073,489
Intergovernmental Revenues	382,416	-	351,868	2,742,666
Other Revenues	363	11,449	92	359,092
Total Revenues	387,148	11,449	351,960	5,447,885
Expenditures:				
General Government	-	-	352,002	459,106
Public Safety	-	133	-	414,964
Culture and Recreation	-	-	-	2,354,781
Community Development	-	-	-	758,874
Health and Human Services	376,821	95	-	1,422,291
Total Expenditures	376,821	228	352,002	5,410,016
Excess of Revenues Over (Under)				
Expenditures	10,327	11,221	(42)	37,869
Other Financing Sources (Uses):				
Transfers In	-	-	-	227,124
Transfers Out	(40,666)	-	-	(829,781)
Total Other Financing Sources (Uses)	(40,666)	-	-	(602,657)
Net change in Fund Balances	(30,339)	11,221	(42)	(564,788)
Fund Balances - June 30, 2011	71,616	124,756	134	3,685,774
Fund Balances - June 30, 2012	\$ 41,277	\$ 135,977	\$ 92	\$ 3,120,986

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

Building Safety - Fund 262

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 329,400	\$ 329,400	\$ 321,442	\$ (7,958)
Other Revenues	19,000	19,000	6,867	(12,133)
Total Revenues	348,400	348,400	328,309	(20,091)
Expenditures:				
Personal Services	488,400	488,400	463,747	24,653
Materials & Services	131,500	131,500	107,384	24,116
Contingency	1,455,400	1,455,400	-	1,455,400
Total Expenditures	2,075,300	2,075,300	571,131	1,504,169
Excess of Revenues Over (Under) Expenditures	(1,726,900)	(1,726,900)	(242,822)	1,484,078
Other Financing Sources (Uses):				
Transfers In	35,000	35,000	35,000	-
Transfers Out	(57,300)	(57,300)	(57,300)	-
Total Other Financing Sources (Uses)	(22,300)	(22,300)	(22,300)	-
Net change in Fund Balances	(1,749,200)	(1,749,200)	(265,122)	1,484,078
Fund Balances - June 30, 2011	1,749,200	1,749,200	1,768,805	19,605
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 1,503,683	\$ 1,503,683

PEG Access - Fund 704

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 35,000	\$ 35,000	\$ 29,355	\$ (5,645)
Other Revenues	500	500	87	(413)
Total Revenues	35,500	35,500	29,442	(6,058)
Expenditures:				
Materials & Services	38,200	68,200	61,593	6,607
Capital Outlay	-	-	-	-
Contingency	20,000	-	-	-
Total Expenditures	58,200	68,200	61,593	6,607
Excess of Revenues Over (Under) Expenditures	(22,700)	(32,700)	(32,151)	549
Other Financing Sources (Uses):				
Transfers In	-	10,000	10,000	-
Total Other Financing Sources (Uses)	-	10,000	10,000	-
Net change in Fund Balances	(22,700)	(22,700)	(22,151)	549
Fund Balances - June 30, 2011	22,700	22,700	23,715	1,015
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 1,564	\$ 1,564

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Public Works Special Projects - Fund 202

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees & Charges for Service	\$ 16,000	\$ 16,000	\$ 12,479	\$ (3,521)
Other Revenues	58,000	58,000	52,912	(5,088)
Total Revenues	74,000	74,000	65,391	(8,609)
Expenditures:				
Materials & Services	87,000	91,000	79,547	11,453
Contingency	-	-	-	-
Total Expenditures	87,000	91,000	79,547	11,453
Excess of Revenues Over (Under) Expenditures	(13,000)	(17,000)	(14,156)	2,844
Other Financing Sources (Uses):				
Transfers In	12,300	12,300	12,300	-
Transfers Out	(122,000)	(118,000)	(22,029)	95,971
Total Other Financing Sources (Uses)	(109,700)	(105,700)	(9,729)	95,971
Net change in Fund Balances	(122,700)	(122,700)	(23,885)	98,815
Fund Balances - June 30, 2011	122,700	122,700	112,994	(9,706)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 89,109	\$ 89,109

County Clerk Records - Fund 223

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 15,000	\$ 15,000	\$ 17,747	\$ 2,747
Other Revenues	1,000	1,000	1,442	442
Total Revenues	16,000	16,000	19,189	3,189
Expenditures:				
Materials and Services	86,500	86,500	45,511	40,989
Contingency	36,500	36,500	-	36,500
Total Expenditures	123,000	123,000	45,511	77,489
Excess of Revenues Over (Under) Expenditures	(107,000)	(107,000)	(26,322)	80,678
Other Financing Sources (Uses):				
Transfers Out	(23,000)	(23,000)	(18,780)	4,220
Total Other Financing Sources (Uses)	(23,000)	(23,000)	(18,780)	4,220
Net change in Fund Balances	(130,000)	(130,000)	(45,102)	84,898
Fund Balances - June 30, 2011	130,000	130,000	112,313	(17,687)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 67,211	\$ 67,211

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Public Land Corner Preservation - Fund 224

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 151,500	\$ 151,500	\$ 116,765	\$ (34,735)
Other Revenues	500	500	162	(338)
Total Revenues	152,000	152,000	116,927	(35,073)
Expenditures:				
Personal Services	117,300	117,300	92,084	25,216
Materials & Services	27,600	27,600	16,112	11,488
Contingency	14,000	14,000	-	14,000
Total Expenditures	158,900	158,900	108,196	50,704
Excess of Revenues Over (Under) Expenditures	(6,900)	(6,900)	8,731	15,631
Other Financing Sources (Uses):				
Transfers Out	(23,400)	(23,400)	(13,400)	10,000
Total Other Financing Sources (Uses)	(23,400)	(23,400)	(13,400)	10,000
Net change in Fund Balances	(30,300)	(30,300)	(4,669)	25,631
Fund Balances - July 1, 2011	30,300	30,300	34,573	4,273
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 29,904	\$ 29,904

Juvenile Justice Special Programs - Fund 246

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 4,500	\$ 4,500	\$ 5,630	\$ 1,130
Intergovernmental Revenues	100,400	130,400	100,826	(29,574)
Other Revenues	12,400	12,400	10,775	(1,625)
Total Revenues	117,300	147,300	117,231	(30,069)
Expenditures:				
Personal Services	184,400	214,400	202,051	12,349
Materials & Services	41,800	41,800	34,418	7,382
Contingency	3,900	3,900	-	3,900
Total Expenditures	230,100	260,100	236,469	23,631
Excess of Revenues Over (Under) Expenditures	(112,800)	(112,800)	(119,238)	(6,438)
Other Financing Sources (Uses):				
Transfers In	82,800	82,800	81,866	(934)
Transfers Out	(19,300)	(19,300)	(19,300)	-
Total Other Financing Sources (Uses)	63,500	63,500	62,566	(934)
Net change in Fund Balances	(49,300)	(49,300)	(56,672)	(7,372)
Fund Balances - July 1, 2011	49,300	49,300	81,332	32,032
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 24,660	\$ 24,660

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012**

District Attorney's Special Programs - Fund 248

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 131,800	\$ 131,800	\$ 127,065	\$ (4,735)
Other Revenues	-	-	458	458
Total Revenues	131,800	131,800	127,523	(4,277)
Expenditures:				
Personal Services	22,500	22,500	22,500	-
Materials & Services	26,800	26,800	11,025	15,775
Contingency	65,000	65,000	-	65,000
Total Expenditures	114,300	114,300	33,525	80,775
Excess of Revenues Over (Under) Expenditures	17,500	17,500	93,998	76,498
Other Financing Sources (Uses):				
Transfers Out	(85,000)	(85,000)	(85,000)	-
Total Other Financing Sources (Uses)	(85,000)	(85,000)	(85,000)	-
Net change in Fund Balances	(67,500)	(67,500)	8,998	76,498
Fund Balances - July 1, 2011	67,500	67,500	77,507	10,007
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 86,505	\$ 86,505

DA Forfeitures - Fund 212

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ -	\$ -	\$ 4,920	\$ 4,920
Other Revenues	-	-	1,143	1,143
Total Revenues	-	-	6,063	6,063
Expenditures:				
Materials & Services	50,000	50,000	-	50,000
Contingency	173,000	173,000	-	173,000
Total Expenditures	223,000	223,000	-	223,000
Excess of Revenues Over (Under) Expenditures	(223,000)	(223,000)	6,063	229,063
Other Financing Sources (Uses):				
Transfers Out	(50,000)	(50,000)	-	50,000
Total Other Financing Sources (Uses)	(50,000)	(50,000)	-	50,000
Net change in Fund Balances	(273,000)	(273,000)	6,063	279,063
Fund Balances - July 1, 2011	273,000	273,000	273,417	417
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 279,480	\$ 279,480

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Sheriff (Forfeiture) Trust - Fund 735

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
Intergovernmental Revenues	\$ 25,000	\$ 25,000	\$ 884	\$ (24,116)
Other Revenues	-	-	9,582	9,582
Total Revenues	25,000	25,000	10,466	(14,534)
Expenditures:				
Materials & Services	110,000	110,000	109,760	240
Contingency	95,000	95,000	-	95,000
Total Expenditures	205,000	205,000	109,760	95,240
Excess of Revenues Over (Under) Expenditures	(180,000)	(180,000)	(99,294)	80,706
Other Financing Sources (Uses):				
Transfer Out	(20,000)	(20,000)	-	20,000
Total Other Financing Sources (Uses)	(20,000)	(20,000)	-	20,000
Net change in Fund Balances	(200,000)	(200,000)	(99,294)	100,706
Fund Balances - July 1, 2011	200,000	200,000	239,560	39,560
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 140,266	\$ 140,266

Sheriff Programs Trust - Fund 736

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Fees and Charges for Services	55,000	55,000	23,772	(31,228)
Other Revenues	12,000	12,000	45,554	33,554
Total Revenues	67,000	67,000	69,326	2,326
Expenditures:				
Materials & Services	131,000	131,000	35,077	95,923
Contingency	-	-	-	-
Total Expenditures	131,000	131,000	35,077	95,923
Excess of Revenues Over (Under) Expenditures	(64,000)	(64,000)	34,249	98,249
Other Financing Sources (Uses):				
Transfers In	-	-	7,958	7,958
Total Other Financing Sources (Uses)	-	-	7,958	7,958
Net change in Fund Balances	(64,000)	(64,000)	42,207	106,207
Fund Balances - July 1, 2011	64,000	64,000	31,089	(32,911)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 73,296	\$ 73,296

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Fairgrounds - Fund 221

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
Fees and Charges for Services	\$ 835,000	\$ 835,000	\$ 655,138	\$ (179,862)
Intergovernmental Revenues	40,000	390,000	291,502	(98,498)
Other Revenues	-	28,000	161,254	133,254
Total Revenues	875,000	1,253,000	1,107,894	(145,106)
Expenditures:				
Personal Services	275,100	260,100	242,507	17,593
Materials & Services	515,100	1,015,100	939,798	75,302
Debt Service	70,000	-	-	-
Total Expenditures	860,200	1,275,200	1,182,305	92,895
Excess of Revenues Over (Under) Expenditures	14,800	(22,200)	(74,411)	(52,211)
Other Financing Sources (Uses):				
Transfers In	40,000	40,000	40,000	-
Transfer Out	(54,800)	(82,800)	(71,781)	11,019
Total Other Financing Sources (Uses)	(14,800)	(42,800)	(31,781)	11,019
Net change in Fund Balances	-	(65,000)	(106,192)	(41,192)
Fund Balances - July 1, 2011	-	65,000	65,027	27
Fund Balances - June 30, 2012	\$ -	\$ -	\$ (41,165)	\$ (41,165)
Reconciliation to GAAP Basis:				
Deferred Revenue			(14,345)	
GAAP Net Assets - June 30, 2012			\$ (55,510)	

Library Programs Trust - Fund 702

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
Other Revenues	\$ 5,100	\$ 5,100	\$ 2,467	\$ (2,633)
Total Revenues	5,100	5,100	2,467	(2,633)
Expenditures:				
Materials & Services	268,700	268,700	28,514	240,186
Contingency	349,300	349,300	-	349,300
Total Expenditures	618,000	618,000	28,514	589,486
Excess of Revenues Over (Under) Expenditures	(612,900)	(612,900)	(26,047)	586,853
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in Fund Balances	(612,900)	(612,900)	(26,047)	586,853
Fund Balances - July 1, 2011	612,900	612,900	668,878	55,978
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 642,831	\$ 642,831

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Parks Operating - Fund 260

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 569,000	\$ 569,000	\$ 694,166	\$ 125,166
Intergovernmental Revenues	320,000	320,000	352,056	32,056
Other Revenues	1,000	1,000	517	(483)
Total Revenues	890,000	890,000	1,046,739	156,739
Expenditures:				
Personal Services	372,600	351,300	339,016	12,284
Materials & Services	316,700	475,000	508,117	(33,117)
Debt Service	162,000	25,000	25,000	-
Total Expenditures	851,300	851,300	872,133	(20,833)
Excess of Revenues Over (Under) Expenditures	38,700	38,700	174,606	135,906
Other Financing Sources (Uses):				
Transfers In	40,000	40,000	40,000	-
Transfers Out	(78,700)	(78,700)	(78,700)	-
Total Other Financing Sources (Uses)	(38,700)	(38,700)	(38,700)	-
Net change in Fund Balances	-	-	135,906	135,906
Fund Balances - July 1, 2011	-	-	96	96
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 136,002	\$ 136,002
Reconciliation to GAAP Basis:				
Deferred Revenue			(122,965)	
GAAP Net Assets - June 30, 2012			\$ 13,037	

4H Extension - Fund 716

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 281,709	\$ 281,709	\$ 272,638	\$ (9,071)
Other Revenues	5,000	5,000	1,955	(3,045)
Total Revenues	286,709	286,709	274,593	(12,116)
Expenditures:				
Materials & Services	302,630	302,630	271,829	30,801
Contingency	30,876	30,876	-	30,876
Total Expenditures	333,506	333,506	271,829	61,677
Excess of Revenues Over (Under) Expenditures	(46,797)	(46,797)	2,764	49,561
Net change in Fund Balances	(46,797)	(46,797)	2,764	49,561
Fund Balances - July 1, 2011	46,797	46,797	41,829	(4,968)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 44,593	\$ 44,593

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Transit - Fund 245

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 193,000	\$ 193,000	\$ 181,064	\$ (11,936)
Intergovernmental Revenues	1,459,100	1,459,100	1,131,129	(327,971)
Other Revenues	48,000	48,000	52,013	4,013
Total Revenues	1,700,100	1,700,100	1,364,206	(335,894)
Expenditures:				
Personal Services	718,000	718,000	686,982	31,018
Materials & Services	345,800	395,800	358,393	37,407
Contingency	133,500	133,500	-	133,500
Total Expenditures	1,197,300	1,247,300	1,045,375	201,925
Excess of Revenues Over (Under) Expenditures	502,800	452,800	318,831	(133,969)
Other Financing Sources (Uses):				
Transfers Out	(632,800)	(582,800)	(422,825)	159,975
Total Other Financing Sources (Uses)	(632,800)	(582,800)	(422,825)	159,975
Net change in Fund Balances	(130,000)	(130,000)	(103,994)	26,006
Fund Balances - July 1, 2011	130,000	130,000	107,005	(22,995)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 3,011	\$ 3,011

Commission for Children and Families - Fund 258

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 17,500	\$ 17,500	\$ 4,369	\$ (13,131)
Intergovernmental Revenues	401,400	401,400	382,416	(18,984)
Other Revenues	1,000	1,000	363	(637)
Total Revenues	419,900	419,900	387,148	(32,752)
Expenditures:				
Personal Services	108,200	115,000	114,565	435
Materials & Services	286,500	286,500	262,256	24,244
Contingency	37,600	30,800	-	30,800
Total Expenditures	432,300	432,300	376,821	55,479
Excess of Revenues Over (Under) Expenditures	(12,400)	(12,400)	10,327	22,727
Other Financing Sources (Uses):				
Transfer Out	(41,600)	(41,600)	(40,666)	934
Total Other Financing Sources (Uses)	(41,600)	(41,600)	(40,666)	934
Net change in Fund Balances	(54,000)	(54,000)	(30,339)	23,661
Fund Balances - July 1, 2011	54,000	54,000	71,616	17,616
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 41,277	\$ 41,277

JOSEPHINE COUNTY, OREGON
Nonmajor Special Revenue Funds

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012**

Human Service Programs Trust - Fund 703

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Revenues	\$ 2,300	\$ 2,300	\$ 11,449	\$ 9,149
Total Revenues	2,300	2,300	11,449	9,149
Expenditures:				
Materials & Services	84,300	84,300	228	84,072
Contingency	47,300	47,300	-	47,300
Total Expenditures	131,600	131,600	228	131,372
Excess of Revenues Over (Under) Expenditures	(129,300)	(129,300)	11,221	140,521
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in Fund Balances	(129,300)	(129,300)	11,221	140,521
Fund Balances - July 1, 2011	129,300	129,300	124,756	(4,544)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 135,977	\$ 135,977

County School Trust - Fund 715

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 300,000	\$ 332,800	\$ 351,868	\$ 19,068
Other Revenues	20,200	20,200	92	(20,108)
Total Revenues	320,200	353,000	351,960	(1,040)
Expenditures:				
Materials & Services	320,200	353,000	352,002	998
Contingency	500	500	-	500
Total Expenditures	320,700	353,500	352,002	1,498
Net change in Fund Balances	(500)	(500)	(42)	458
Fund Balances - July 1, 2011	500	500	134	(366)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 92	\$ 92

JOSEPHINE COUNTY, OREGON
Nonmajor Debt Service Funds

Combining Balance Sheet
June 30, 2012

	Adult Jail Facility Bonded Debt Service Fund	PERS Bonded Debt Service Fund	Total Nonmajor Debt Service Funds
Assets:			
Current Assets:			
Cash & Investments	\$ 71,505	\$ 59,542	\$ 131,047
Taxes Receivable	108,994	-	108,994
Total Assets	<u>\$ 180,499</u>	<u>\$ 59,542</u>	<u>\$ 240,041</u>
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	\$ 100,546	\$ -	\$ 100,546
Total Liabilities	<u>100,546</u>	<u>-</u>	<u>100,546</u>
Fund Balances:			
Restricted Fund Balance	79,953	59,542	139,495
Total Fund Balances	<u>79,953</u>	<u>59,542</u>	<u>139,495</u>
Total Liabilities and Fund Balances	<u>\$ 180,499</u>	<u>\$ 59,542</u>	<u>\$ 240,041</u>

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balances**
For the Year Ended June 30, 2012

Revenues:			
Taxes	\$ 990,086	\$ -	\$ 990,086
Interfund Charges for Services	-	1,114,500	1,114,500
Other Revenues	11,609	6,536	18,145
Total Revenues	<u>1,001,695</u>	<u>1,121,036</u>	<u>2,122,731</u>
Expenditures:			
Debt Service:			
Principal	820,000	620,000	1,440,000
Interest	223,563	495,594	719,157
Bond issuance cost	-	57,880	57,880
Total Expenditures	<u>1,043,563</u>	<u>1,173,474</u>	<u>2,217,037</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(41,868)</u>	<u>(52,438)</u>	<u>(94,306)</u>
Other Financing Sources (Uses):			
Refunding bonds issued	-	8,300,000	8,300,000
Discount on refunding bonds	-	(198,760)	(198,760)
Payment to refunding bond escrow agent	-	(8,043,360)	(8,043,360)
Total Other Financing Sources (Uses)	<u>-</u>	<u>57,880</u>	<u>57,880</u>
Net change in Fund Balances	(41,868)	5,442	(36,426)
Fund Balances - July 1, 2011	121,821	54,100	175,921
Fund Balances - June 30, 2012	<u>\$ 79,953</u>	<u>\$ 59,542</u>	<u>\$ 139,495</u>

JOSEPHINE COUNTY, OREGON
Nonmajor Debt Service Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

Adult Jail Facility Bonded Debt Service - Fund 625

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,003,000	\$ 1,003,000	\$ 990,086	\$ (12,914)
Other Revenues	11,800	11,800	11,609	(191)
Total Revenues	1,014,800	1,014,800	1,001,695	(13,105)
Expenditures:				
Debt Service	1,048,000	1,048,000	1,043,563	4,437
Contingency	88,200	88,200	-	88,200
Total Expenditures	1,136,200	1,136,200	1,043,563	92,637
Net change in Fund Balances	(121,400)	(121,400)	(41,868)	79,532
Fund Balances - July 1, 2011	121,400	121,400	121,821	421
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 79,953	\$ 79,953

PERS Bonded Debt Service Fund - Fund 610

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interfund Charges for Services	\$ 1,114,500	\$ 1,114,500	\$ 1,114,500	\$ -
Other Revenues	2,000	2,000	6,536	4,536
Total Revenues	1,116,500	1,116,500	1,121,036	4,536
Expenditures:				
Debt Service	1,115,600	1,115,600	1,115,594	6
Contingency	54,900	54,900	-	54,900
Total Expenditures	1,170,500	1,170,500	1,115,594	54,906
Net change in Fund Balances	(54,000)	(54,000)	5,442	59,442
Fund Balances - July 1, 2011	54,000	54,000	54,100	100
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 59,542	\$ 59,542

JOSEPHINE COUNTY, OREGON
Nonmajor Capital Project Funds

Combining Balance Sheet
June 30, 2012

	County Bridge Construction Fund	Roads and Bridges Reserve Fund	Property Reserve Fund	Equipment Reserve Fund	Total Nonmajor Capital Project Funds
Assets:					
Current Assets:					
Cash & Investments	\$ 466,990	\$ 357,058	\$ 1,435,007	\$ 833,274	\$ 3,092,329
Other Receivables	-	-	209,612	-	209,612
Due From Other Funds	-	-	2,424	60,392	62,816
Total Assets	\$ 466,990	\$ 357,058	\$ 1,647,043	\$ 893,666	\$ 3,364,757
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 47,900	\$ 86,666	\$ 173,907	\$ 174,099	\$ 482,572
Due To Other Funds	-	-	2,680	-	2,680
Total Liabilities	47,900	86,666	176,587	174,099	485,252
Fund Balances:					
Restricted Fund Balance	419,090	-	-	-	419,090
Committed Fund Balance	-	270,392	1,470,456	719,567	2,460,415
Total Fund Balances	419,090	270,392	1,470,456	719,567	2,879,505
Total Liabilities and Fund Balances	\$ 466,990	\$ 357,058	\$ 1,647,043	\$ 893,666	\$ 3,364,757

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balances**
For the Year Ended June 30, 2012

Revenues:					
Fees and Charges for Services	\$ -	\$ -	\$ 77,138	\$ -	77,138
Intergovernmental Revenues	-	-	283,117	-	283,117
Other Revenues	7,739	779	5,918	11,273	25,709
Total Revenues	7,739	779	366,173	11,273	385,964
Expenditures:					
General Government	-	-	411,967	609,048	1,021,015
Public Safety	-	-	-	44,000	44,000
Public Works	2,360,020	1,283,461	-	106,298	3,749,779
Culture and Recreation	-	-	33,826	26,981	60,807
Community Development	-	-	-	-	-
Health and Human Services	-	-	-	471,589	471,589
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Total Expenditures	2,360,020	1,283,461	445,793	1,257,916	5,347,190
Excess of Revenues Over (Under)					
Expenditures	(2,352,281)	(1,282,682)	(79,620)	(1,246,643)	(4,961,226)
Other Financing Sources (Uses):					
Transfers In	-	1,300,000	164,540	1,389,734	2,854,274
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	1,300,000	164,540	1,389,734	2,854,274
Net change in Fund Balances	(2,352,281)	17,318	84,920	143,091	(2,106,952)
Fund Balances - June 30, 2011	2,771,371	253,074	1,385,536	576,476	4,986,457
Fund Balances - June 30, 2012	\$ 419,090	\$ 270,392	\$ 1,470,456	\$ 719,567	\$ 2,879,505

JOSEPHINE COUNTY, OREGON
Nonmajor Capital Project Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2012

County Bridge Construction - Fund 303

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Other Revenues	10,000	10,000	7,739	(2,261)
Total Revenues	10,000	10,000	7,739	(2,261)
Expenditures:				
Capital Outlay	2,910,000	2,910,000	2,360,020	549,980
Total Expenditures	2,910,000	2,910,000	2,360,020	549,980
Excess of Revenues Over (Under) Expenditures	(2,900,000)	(2,900,000)	(2,352,281)	547,719
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in Fund Balances	(2,900,000)	(2,900,000)	(2,352,281)	547,719
Fund Balances - July 1, 2011	2,900,000	2,900,000	2,771,371	(128,629)
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 419,090	\$ 419,090

Roads and Bridges Reserve - Fund 425

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Revenues	\$ 900	\$ 900	\$ 779	\$ (121)
Total Revenues	900	900	779	(121)
Expenditures:				
Capital Outlay	1,522,700	1,522,700	1,283,461	239,239
Contingency	209,900	209,900	-	209,900
Total Expenditures	1,732,600	1,732,600	1,283,461	449,139
Excess of Revenues Over (Under) Expenditures	(1,731,700)	(1,731,700)	(1,282,682)	449,018
Other Financing Sources (Uses):				
Transfers In	1,522,700	1,522,700	1,300,000	(222,700)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	1,522,700	1,522,700	1,300,000	(222,700)
Net change in Fund Balances	(209,000)	(209,000)	17,318	226,318
Fund Balances - July 1, 2011	209,000	209,000	253,074	44,074
Fund Balances - June 30, 2012	\$ -	\$ -	\$ 270,392	\$ 270,392

JOSEPHINE COUNTY, OREGON
Nonmajor Capital Project Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Property Reserve - Fund 430

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 600,000	\$ 600,000	\$ 77,138	\$ (522,862)
Intergovernmental Revenues	575,000	575,000	283,117	(291,883)
Other Revenues	12,000	12,000	5,918	(6,082)
Total Revenues	<u>1,187,000</u>	<u>1,187,000</u>	<u>366,173</u>	<u>(820,827)</u>
Expenditures:				
Capital Outlay	978,200	978,200	445,793	532,407
Contingency	1,910,000	1,910,000	-	1,910,000
Total Expenditures	<u>2,888,200</u>	<u>2,888,200</u>	<u>445,793</u>	<u>2,442,407</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,701,200)</u>	<u>(1,701,200)</u>	<u>(79,620)</u>	<u>1,621,580</u>
Other Financing Sources (Uses):				
Transfers In	301,200	301,200	164,540	(136,660)
Total Other Financing Sources (Uses)	<u>301,200</u>	<u>301,200</u>	<u>164,540</u>	<u>(136,660)</u>
Net change in Fund Balances	(1,400,000)	(1,400,000)	84,920	1,484,920
Fund Balances - July 1, 2011	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,385,536</u>	<u>(14,464)</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,470,456</u>	<u>\$ 1,470,456</u>

Equipment Reserve - Fund 435

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Revenues	\$ 7,900	\$ 7,900	\$ 11,273	\$ 3,373
Total Revenues	<u>7,900</u>	<u>7,900</u>	<u>11,273</u>	<u>3,373</u>
Expenditures:				
Capital Outlay	1,799,100	1,799,100	1,257,916	541,184
Contingency	557,900	557,900	-	557,900
Total Expenditures	<u>2,357,000</u>	<u>2,357,000</u>	<u>1,257,916</u>	<u>1,099,084</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,349,100)</u>	<u>(2,349,100)</u>	<u>(1,246,643)</u>	<u>1,102,457</u>
Other Financing Sources (Uses):				
Transfers In	1,799,100	1,799,100	1,389,734	(409,366)
Total Other Financing Sources (Uses)	<u>1,799,100</u>	<u>1,799,100</u>	<u>1,389,734</u>	<u>(409,366)</u>
Net change in Fund Balances	(550,000)	(550,000)	143,091	693,091
Fund Balances - July 1, 2011	<u>550,000</u>	<u>550,000</u>	<u>576,476</u>	<u>26,476</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,567</u>	<u>\$ 719,567</u>



Josephine County Adult Jail

Grants Pass, Oregon

In 1999, after Josephine County voters approved levies for the construction of an adult jail facility, the County issues \$13,940,000 in bonds for the construction of the facility. In January 2002, the new adult jail was complete.

JOSEPHINE COUNTY, OREGON

ENTERPRISE FUNDS

FUND DESCRIPTIONS

Airports Fund – The Airports Fund is used to account for the operations of the County's two airports. It was formed from combining the former Grants Pass Airport Fund and Illinois Valley Airport Fund, effective July 1, 2004. The two airports are accounted for separately within this one fund.

The Grants Pass Airport is operated and maintained on money generated through leases. The airport is a facility for the commerce and pleasure of local people, commuting businessmen, and pleasure flying. Expenditures are for operations and maintenance of the facility.

The Illinois Valley Airport was deeded to Josephine County in 1987 from the U.S. Forest Service. It receives a subsidy from Oregon Lottery funds allocated for economic development. Expenditures are for the operational and maintenance costs associated with the facility.

Jail Commissary Fund – This fund was established to account for funds received by inmates and revenue received by the inmate phone system. Expenditures are for the enhancement of Josephine County Jail conditions. This fund is a "non-major fund" under GASB guidelines, however it is the only other enterprise fund besides the Airport Fund, and so it is included here for continuity of presentation.



JOSEPHINE COUNTY, OREGON
Airports Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 539,700	\$ 539,700	\$ 569,627	\$ 29,927
Other Revenues	5,500	5,500	8,612	3,112
Total Revenues	545,200	545,200	578,239	33,039
Expenditures:				
Grants Pass Airport				
Personal Services	107,800	107,800	70,640	37,160
Materials & Services	392,700	392,700	422,451	(29,751)
Total	500,500	500,500	493,091	7,409
Illinois Valley Airport				
Personal Services	38,400	38,400	30,219	8,181
Materials & Services	22,300	22,300	20,392	1,908
Total	60,700	60,700	50,611	10,089
Excess of Revenues Over (Under) Expenditures	(16,000)	(16,000)	34,537	50,537
Capital Grants:				
Intergovernmental Revenues	1,634,800	1,634,800	720,847	(913,953)
Capital Outlays	(1,674,000)	(1,674,000)	(764,629)	909,371
	(39,200)	(39,200)	(43,782)	(4,582)
Other Financing Sources (Uses):				
Transfers In	30,000	30,000	30,000	-
Transfers Out	(19,500)	(19,500)	(19,500)	-
Contingency	(131,600)	(131,600)	-	131,600
Total Other Financing Sources (Uses)	(121,100)	(121,100)	10,500	131,600
Net change in Fund Balances	(176,300)	(176,300)	1,255	177,555
Fund Balances - July 1, 2011	176,300	176,300	250,842	74,542
Fund Balances - June 30, 2012	\$ -	\$ -	252,097	\$ 252,097
Reconciliation to GAAP Basis:				
Capital assets			3,695,039	
Compensated absences			(13,000)	
GAAP Net Assets - June 30, 2012			\$ 3,934,136	

JOSEPHINE COUNTY, OREGON
Jail Commissary Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 72,000	\$ 87,500	\$ 130,294	\$ 42,794
Other Revenues	-	-	677	677
Total Revenues	<u>72,000</u>	<u>87,500</u>	<u>130,971</u>	<u>43,471</u>
Expenditures:				
Materials & Services	95,000	110,500	109,769	731
Contingency	32,000	32,000	-	32,000
Total Expenditures	<u>127,000</u>	<u>142,500</u>	<u>109,769</u>	<u>32,731</u>
Excess of Revenues Over (Under) Expenses	<u>(55,000)</u>	<u>(55,000)</u>	<u>21,202</u>	<u>76,202</u>
Other Financing Sources (Uses):				
Transfers Out	(5,000)	(5,000)	-	5,000
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Net change in Fund Balance	(60,000)	(60,000)	21,202	81,202
Fund Balance - July 1, 2011	60,000	60,000	71,789	11,789
Fund Balance - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,991</u>	<u>\$ 92,991</u>

JOSEPHINE COUNTY, OREGON

INTERNAL SERVICE FUNDS

FUND DESCRIPTIONS

Administrative Internal Service Fund – This fund accounts for the operations of the County departments that provide services primarily to other County departments. Revenue is derived from the departments receiving those services. Expenditures are for provision of the services.

County Fleet and Building Operations Fund – The costs of maintenance of the County's vehicle fleet and its real properties are accounted for in this fund. The primary source of revenue is from county departments for vehicle usage and building operations and maintenance charges.

Insurance Reserve Fund – This fund accounts for the collection of the general liability, auto liability, and worker's compensation premiums from County departments for the County's insurance policies. Expenditures are for the payment of insurance premiums and deductibles. The Board of County Commissioners authorized the continuation of this fund for a period of ten years beginning July 1, 2006.

The County was self-insured for many years. Effective July 1, 2006 the County began carrying commercial insurance for general liability, automobile and property loss or damage. Effective July 1, 2008, the County began carrying commercial insurance for workers compensation. However, the County is still at risk for losses which occurred prior to July 1, 2006 or July 1, 2008 respectively, although the likelihood of these claims diminishes over time.

Payroll Reserve Fund – Funds are provided by each County department to the Payroll Reserve fund as determined by formula. Charges against this fund are for payments to employees who exchange time management leave, sell back vacation time or receive settlement for accrued leaves at the time of retirement or termination of employment. The Board of County Commissioners authorized the continuation of this fund for a period of ten years beginning July 1, 2006.



JOSEPHINE COUNTY, OREGON
Internal Service Funds

Combining Statement of Net Assets
June 30, 2012

	Administrative Internal Service	County Fleet & Building Operations	Insurance Reserve	Payroll Reserve	Total Internal Service Funds
Assets:					
Current Assets:					
Cash & Investments	\$ 783,726	\$ 591,477	\$ 657,174	\$ 33,138	\$ 2,065,515
Accounts Receivable	4,060	-	27,822	-	31,882
Due From Other Funds	24,043	-	1,685	100,000	125,728
Inventories	-	58,891	-	-	58,891
Total Current Assets	811,829	650,368	686,681	133,138	2,282,016
Capital Assets:					
Equipment	-	3,941,173	-	-	3,941,173
Less - Accumulated Depreciation	-	(2,599,615)	-	-	(2,599,615)
Total Capital Assets, net of Accumulated Depreciation	-	1,341,558	-	-	1,341,558
Total Assets	811,829	1,991,926	686,681	133,138	3,623,574
Liabilities:					
Current Liabilities:					
Accounts Payable	69,029	64,050	27,226	-	160,305
Accrued Payroll Liabilities	190,959	77,485	-	119,794	388,238
Accrued Compensated Absences	129,340	83,520	-	-	212,860
Claims Payable	-	-	-	-	-
Due to Other Funds	1,805	5,885	100,299	-	107,989
Total Current Liabilities	391,133	230,940	127,525	119,794	869,392
Noncurrent Liabilities:					
Accrued Compensated Absences	93,660	60,480	-	-	154,140
Total Noncurrent Liabilities	93,660	60,480	-	-	154,140
Total Liabilities	484,793	291,420	127,525	119,794	1,023,532
Net Assets:					
Invested in Capital Assets	-	1,341,558	-	-	1,341,558
Unrestricted	327,036	358,948	559,156	13,344	1,258,484
Total Net Assets	\$ 327,036	\$ 1,700,506	\$ 559,156	\$ 13,344	\$ 2,600,042

JOSEPHINE COUNTY, OREGON
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

	<u>Administrative Internal Service</u>	<u>County Fleet & Building Operations</u>	<u>Insurance Reserve</u>	<u>Payroll Reserve</u>	<u>Total Internal Service Funds</u>
Operating Revenues:					
Fees and Charges for Services	\$ 190,466	\$ -	\$ -	\$ -	\$ 190,466
Interfund Charges for Services	71,157	2,971,739	1,215,679	520,000	4,778,575
Other Revenues	3,214	18,914	119,279	10,652	152,059
Total Operating Revenues	<u>264,837</u>	<u>2,990,653</u>	<u>1,334,958</u>	<u>530,652</u>	<u>5,121,100</u>
Operating Expenses:					
Personal Services	2,478,324	1,063,790	-	1,081,569	4,623,683
Materials and Services	934,580	1,489,670	928,605	-	3,352,855
Depreciation	-	345,263	-	-	345,263
Total Operating Expenses	<u>3,412,904</u>	<u>2,898,723</u>	<u>928,605</u>	<u>1,081,569</u>	<u>8,321,801</u>
Operating Income (Loss)	<u>(3,148,067)</u>	<u>91,930</u>	<u>406,353</u>	<u>(550,917)</u>	<u>(3,200,701)</u>
Non-Operating Revenues (Expenses):					
Intergovernmental Revenues	14,710	1,000	-	-	15,710
Interest Income	1,899	1,840	1,318	600	5,657
Total Nonoperating Revenues (Expenses)	<u>16,609</u>	<u>2,840</u>	<u>1,318</u>	<u>600</u>	<u>21,367</u>
Net Income (Loss) before Contributions and Transfers	<u>(3,131,458)</u>	<u>94,770</u>	<u>407,671</u>	<u>(550,317)</u>	<u>(3,179,334)</u>
Capital Contributions from Other Funds	-	494,567	-	-	494,567
Transfers In	3,359,400	-	-	-	3,359,400
Transfers Out	-	(412,048)	(35,000)	-	(447,048)
Total Transfers In (Out)	<u>3,359,400</u>	<u>82,519</u>	<u>(35,000)</u>	<u>-</u>	<u>3,406,919</u>
Change in Net Assets	227,942	177,289	372,671	(550,317)	227,585
Total Net Assets - July 1, 2011	99,094	1,523,217	186,485	563,661	2,372,457
Total Net Assets - June 30, 2012	<u>\$ 327,036</u>	<u>\$ 1,700,506</u>	<u>\$ 559,156</u>	<u>\$ 13,344</u>	<u>\$ 2,600,042</u>

JOSEPHINE COUNTY, OREGON
Internal Service Funds

Combining Statement of Cash Flows
For the Year Ended June 30, 2012

	Administrative Internal Service	County Fleet & Building Operations	Insurance Reserve	Payroll Reserve	Total Internal Service Funds
Cash Flows from Operating Activities					
Cash received from users	\$ 3,638,513	\$ 3,064,287	\$ 1,220,592	\$ 810,000	\$ 8,733,392
Cash received from other sources	3,214	18,914	119,279	10,652	152,059
Cash paid to suppliers	(945,308)	(1,538,933)	(1,054,259)	-	(3,538,500)
Cash paid to employees	(2,443,029)	(1,034,894)	-	(982,472)	(4,460,395)
Net cash provided by operating activities	<u>253,390</u>	<u>509,374</u>	<u>285,612</u>	<u>(161,820)</u>	<u>886,556</u>
Cash Flows from Non-capital Financing Activities					
Net change in internal balances	(16,375)	(41,477)	100,299	-	42,447
Net transfers between funds	-	(412,048)	(35,000)	-	(447,048)
Intergovernmental Receipts	<u>14,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,710</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,665)</u>	<u>(453,525)</u>	<u>65,299</u>	<u>-</u>	<u>(389,891)</u>
Cash Flows from Capital Financing Activities					
Capital Contribution from other funds	-	495,567	-	-	495,567
Purchase of capital assets	<u>-</u>	<u>(494,567)</u>	<u>-</u>	<u>-</u>	<u>(494,567)</u>
Net cash provided by (used in) capital financing activities	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Cash Flows from Investing Activities					
Interest income received	<u>1,899</u>	<u>1,840</u>	<u>1,318</u>	<u>600</u>	<u>5,657</u>
Net cash provided by investing activities	<u>1,899</u>	<u>1,840</u>	<u>1,318</u>	<u>600</u>	<u>5,657</u>
Net Increase (Decrease) in Cash and Investments	253,624	58,689	352,229	(161,220)	503,322
Cash and Investments - July 1, 2011	530,102	532,788	304,945	194,358	1,562,193
Cash and Investments - June 30, 2012	<u>\$ 783,726</u>	<u>\$ 591,477</u>	<u>\$ 657,174</u>	<u>\$ 33,138</u>	<u>\$ 2,065,515</u>

Reconciliation of Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ (3,148,067)	\$ 91,930	\$ 406,353	\$ (550,917)	\$ (3,200,701)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	345,263	-	-	345,263
Transfers in	3,359,400	-	-	-	3,359,400
(Increase) Decrease in Accounts Receivable	1,353	-	5,599	-	6,952
(Increase) Decrease in Due from other Funds	16,137	92,548	(686)	290,000	397,999
(Increase) Decrease in Inventories	-	(3,011)	-	-	(3,011)
Increase (Decrease) in Accounts Payable	(10,728)	(46,252)	24,346	-	(32,634)
Increase (Decrease) in Payroll Payable	(11,705)	(1,104)	-	99,097	86,288
Increase (Decrease) in Compensated Absences	47,000	30,000	-	-	77,000
Increase (Decrease) in Claims Payable	-	-	(150,000)	-	(150,000)
Total adjustments	<u>3,401,457</u>	<u>417,444</u>	<u>(120,741)</u>	<u>389,097</u>	<u>4,087,257</u>
Net cash provided (used) by operating activities	<u>\$ 253,390</u>	<u>\$ 509,374</u>	<u>\$ 285,612</u>	<u>\$ (161,820)</u>	<u>\$ 886,556</u>

Note: Cash received from users includes transfers in from other funds as the other funds are the primary source of receipts for the administrative internal service fund.

JOSEPHINE COUNTY, OREGON
Internal Service Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2012

Administrative Internal Service - Fund 401

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and Charges for Services	\$ 232,800	\$ 232,800	\$ 190,466	\$ (42,334)
Interfund Charges for Services	-	-	71,157	71,157
Intergovernmental Revenues	18,000	18,000	14,710	(3,290)
Other Revenues	200	200	3,214	3,014
Total Operating Revenues	251,000	251,000	279,547	28,547
Expenditures:				
Board of County Commissioners				
Personal Services	460,200	460,200	433,804	26,396
Materials & Services	11,800	11,800	10,992	808
Total Expenditures	472,000	472,000	444,796	27,204
Finance				
Personal Services	441,000	441,000	435,238	5,762
Materials & Services	52,500	52,500	53,787	(1,287)
Total Expenditures	493,500	493,500	489,025	4,475
Human Resources				
Personal Services	245,400	245,400	237,367	8,033
Materials & Services	117,800	117,800	52,679	65,121
Total Expenditures	363,200	363,200	290,046	73,154
Property Management				
Personal Services	40,900	40,900	38,795	2,105
Materials & Services	9,100	9,100	1,051	8,049
Total Expenditures	50,000	50,000	39,846	10,154
Information Technology				
Personal Services	618,900	618,900	621,677	(2,777)
Materials & Services	296,700	296,700	222,402	74,298
Total Expenditures	915,600	915,600	844,079	71,521
Communications				
Personal Services	136,400	136,400	137,181	(781)
Materials & Services	128,600	128,600	88,701	39,899
Total Expenditures	265,000	265,000	225,882	39,118
Geographic Information Systems				
Personal Services	92,900	92,900	91,424	1,476
Materials & Services	26,100	26,100	16,100	10,000
Total Expenditures	119,000	119,000	107,524	11,476

JOSEPHINE COUNTY, OREGON
Internal Service Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2012

Administrative Internal Service - Fund 401 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal				
Personal Services	401,600	401,600	394,916	6,684
Materials & Services	21,400	21,400	14,221	7,179
Total Expenditures	423,000	423,000	409,137	13,863
Law Library				
Personal Services	41,300	41,300	40,921	379
Materials & Services	116,400	116,400	64,249	52,151
Total Expenditures	157,700	157,700	105,170	52,530
Nondepartmental				
Materials & Services	424,000	424,000	410,399	13,601
Contingency	202,600	202,600	-	202,600
Total Expenditures	626,600	626,600	410,399	216,201
Grand Total Expenditures	3,885,600	3,885,600	3,365,904	519,696
Excess of Revenues Over (Under) Expenditures	(3,634,600)	(3,634,600)	(3,086,357)	548,243
Other Financing Sources (Uses):				
Interest Income	6,600	6,600	1,899	(4,701)
Transfers In	3,359,400	3,359,400	3,359,400	-
Transfers Out	(75,000)	(75,000)	-	75,000
Total Other Financing Sources (Uses)	3,291,000	3,291,000	3,361,299	70,299
Change in Fund Balance	(343,600)	(343,600)	274,942	618,542
Fund Balance - July 1, 2011	343,600	343,600	275,094	(68,506)
Fund Balance - June 30, 2012	\$ -	\$ -	550,036	\$ 550,036
Reconciliation to GAAP Basis:				
Compensated absences			(223,000)	
GAAP Net Assets - June 30 2012			\$ 327,036	

JOSEPHINE COUNTY, OREGON
Internal Service Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2012

County Fleet & Building Operations- Fund 402

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interfund Charges for Services	\$ 3,133,400	\$ 3,133,400	\$ 2,971,739	\$ (161,661)
Intergovernmental Revenues	-	-	1,000	1,000
Other Revenues	16,600	16,600	18,914	2,314
Total Operating Revenues	3,150,000	3,150,000	2,991,653	(158,347)
Expenditures:				
County Fleet				
Personal Services	222,300	222,300	185,500	36,800
Materials & Services	729,300	729,300	629,563	99,737
Total Expenditures	951,600	951,600	815,063	136,537
Building Operations and Maintenance				
Personal Services	908,800	908,800	848,290	60,510
Materials & Services	966,300	1,006,300	860,107	146,193
Total Expenditures	1,875,100	1,915,100	1,708,397	206,703
Nondepartmental				
Contingency	463,900	423,900	-	423,900
Total Expenditures	463,900	423,900	-	423,900
Grand Total Expenditures	3,290,600	3,290,600	2,523,460	767,140
Excess of Revenues Over (Under) Expenditures	(140,600)	(140,600)	468,193	608,793
Other Financing Sources (Uses):				
Interest Income	4,000	4,000	1,840	(2,160)
Transfers Out	(477,500)	(477,500)	(412,048)	65,452
Total Other Financing Sources (Uses)	(473,500)	(473,500)	(410,208)	63,292
Change in Fund Balance	(614,100)	(614,100)	57,985	672,085
Fund Balance - July 1, 2011	614,100	614,100	444,963	(169,137)
Fund Balance - June 30, 2012	\$ -	\$ -	502,948	\$ 502,948
Reconciliation to GAAP Basis:				
Capital assets			1,341,558	
Compensated absences			(144,000)	
GAAP Net Assets - June 30, 2012			\$ 1,700,506	

JOSEPHINE COUNTY, OREGON
Internal Service Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Insurance Reserve - Fund 410</u>				
Revenues:				
Interfund Charges for Services	\$ 1,236,000	\$ 1,236,000	\$ 1,215,679	\$ (20,321)
Other income	2,800	2,800	119,279	116,479
Total Operating Revenues	1,238,800	1,238,800	1,334,958	96,158
Expenditures:				
Materials & Services	1,201,000	1,201,000	1,078,605	122,395
Contingency	4,000	4,000	-	4,000
Total Expenditures	1,205,000	1,205,000	1,078,605	126,395
Excess of Revenues Over (Under) Expenditures	33,800	33,800	256,353	222,553
Other Financing Sources (Uses):				
Interest Income	1,200	1,200	1,318	118
Transfers Out	(35,000)	(35,000)	(35,000)	-
Total Other Financing Sources (Uses)	(33,800)	(33,800)	(33,682)	118
Change in Fund Balance	-	-	222,671	222,671
Fund Balance - July 1, 2011	-	-	336,485	336,485
Fund Balance - June 30, 2012	\$ -	\$ -	559,156	\$ 559,156
Claims payable			-	
GAAP Net Assets - June 30, 2012			\$ 559,156	
<u>Payroll Reserve - Fund 415</u>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interfund Charges for Services	\$ 400,000	\$ 575,000	\$ 520,000	\$ (55,000)
Other Revenues	-	-	10,652	10,652
Total Operating Revenues	400,000	575,000	530,652	(44,348)
Expenditures:				
Personal Services	852,000	1,127,000	1,081,569	45,431
Contingency	100,000	-	-	-
Total Expenditures	952,000	1,127,000	1,081,569	45,431
Excess of Revenues Over (Under) Expenditures	(552,000)	(552,000)	(550,917)	1,083
Other Financing Sources (Uses):				
Interest Income	2,000	2,000	600	(1,400)
Total Other Financing Sources (Uses)	2,000	2,000	600	(1,400)
Change in Fund Balance	(550,000)	(550,000)	(550,317)	(317)
Fund Balance - July 1, 2011	550,000	550,000	563,661	13,661
Fund Balance - June 30, 2012	\$ -	\$ -	\$ 13,344	\$ 13,344

JOSEPHINE COUNTY, OREGON

FIDUCIARY FUNDS

FUND DESCRIPTIONS

Treasurer's Agency Funds – Assets maintained by the County Treasurer on behalf of other governmental entities, private individuals and others as provided for in Oregon Revised Statutes are accounted for in these funds.

Flexible Spending Plan Agency Fund – This fund accounts for pre-tax health premiums deducted from employee pay, as provided for by section 125 of the Internal Revenue Code.

On January 1, 2009, the County began contracting with a third-party administrator to process qualifying childcare and medical expenses deducted from employees pay as provided for by sections 125 and 129 of the Internal Revenue Code. This fund was closed in the 2011-12 fiscal year and balances were transferred to the new plan administrator.



JOSEPHINE COUNTY, OREGON
Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>Treasurer's Agency Funds</u>				
Assets:				
Cash & Investments	\$ 997,426	\$ 148,520,442	\$ 148,485,229	\$ 1,032,639
Taxes Receivable	4,463,111	55,182,651	54,469,886	5,175,876
Total Assets	<u>\$ 5,460,537</u>	<u>\$ 203,703,093</u>	<u>\$ 202,955,115</u>	<u>\$ 6,208,515</u>
Liabilities:				
Due To Other Governments	\$ 4,463,111	\$ 55,182,651	\$ 54,469,886	\$ 5,175,876
Money Held for Others	997,426	148,535,639	148,500,426	1,032,639
Total Liabilities	<u>\$ 5,460,537</u>	<u>\$ 203,718,290</u>	<u>\$ 202,970,312</u>	<u>\$ 6,208,515</u>
 <u>Flexible Spending Plan Agency Fund</u>				
Assets:				
Cash & Investments	\$ 4,601	\$ -	\$ 4,601	\$ -
Total Assets	<u>\$ 4,601</u>	<u>\$ -</u>	<u>\$ 4,601</u>	<u>\$ -</u>
Liabilities:				
Accounts Payable	\$ 4,601	\$ -	\$ 4,601	\$ -
Total Liabilities	<u>\$ 4,601</u>	<u>\$ -</u>	<u>\$ 4,601</u>	<u>\$ -</u>
 <u>Total - All Trust and Agency Funds</u>				
Assets:				
Cash & Investments	\$ 1,002,027	\$ 148,520,442	\$ 148,489,830	\$ 1,032,639
Taxes Receivable	4,463,111	55,182,651	54,469,886	5,175,876
Total Assets	<u>\$ 5,465,138</u>	<u>\$ 203,703,093</u>	<u>\$ 202,959,716</u>	<u>\$ 6,208,515</u>
Liabilities:				
Accounts Payable	\$ 4,601	\$ -	\$ 4,601	\$ -
Due To Other Governments	4,463,111	55,182,651	54,469,886	5,175,876
Money Held for Others	997,426	148,535,639	148,500,426	1,032,639
Total Liabilities	<u>\$ 5,465,138</u>	<u>\$ 203,718,290</u>	<u>\$ 202,974,913</u>	<u>\$ 6,208,515</u>



Grants Pass, Oregon is the county seat. It is the largest city in Josephine County with a current population of 34,500. The county courthouse is located in downtown Grants Pass.

STATISTICAL SECTION





The City of Cave Junction, Oregon. It is a scenic, small town located just a few miles north of California in southern Josephine County. Cave Junction is the only other incorporated city besides Grants Pass within Josephine County. It has a population of 1,900. It is the gateway to the Oregon Caves National Monument and the Oregon Coast along highway 199.

JOSEPHINE COUNTY, OREGON

INFORMATION ABOUT THE STATISTICAL SECTION

The purpose of this Statistical Section is to provide additional information about the economic condition of Josephine County. It is organized around five objectives, as described below.

Information about financial trends. The following schedules are intended to help the reader assess how the County's financial position has changed over time. Note 1, Section B of Notes to Financial Statements describes the financial statements that these schedules are derived from and Section C describes the basis of accounting used for government-wide and governmental fund financial statements.

- **Government-wide Net Assets by Component** schedule for the last ten fiscal years. The data is broken down by the Governmental Activities and Business-type Activities conducted by the County, and is derived from the Statement of Net Assets for each of the fiscal years.
- **Government-wide Changes in Net Assets** schedule for each of the last ten fiscal years. This schedule is derived from the Statement of Activities for each of the fiscal years. Fiscal 2007 through 2012 show the financial effect of reducing expenditures and outsourcing of mental health services in preparation of the anticipated loss of the O&C funding, as discussed in Management's Discussion and Analysis at the front of this report.
- **Fund Balances of Governmental Funds** schedule for each of the last ten fiscal years. This schedule is derived from the Balance Sheet of the governmental funds for each of the fiscal years. The growth in unreserved special revenue funds reflects a portion of safety net monies being carried over to fund future years (through fiscal 2012) in the Public Safety Fund in anticipation of the reduction and eventual loss of the O&C replacement revenue money after fiscal 2012.
- **Changes in Fund Balances of Governmental Funds** for each of the last ten fiscal years. This schedule shows the fairly steady growth in revenues and expenditures through fiscal 2006 followed by reductions associated with the changes related to preparing for the expected loss of the O&C funding.

Information about revenue capacity. The following schedules provide information about the County's ability to generate its primary own-source revenue, which are property taxes. They give trend information and show that the County is not dependent on any one or small group of taxpayers.

- **Assessed and Real Market Values of Taxable Property** shows the ever-widening gap between the market values and assessed values of taxable property due to the limitation imposed on assessed values by Ballot Measure 50. In fiscal 2009 this trend reversed due to the drop in real market values caused by the economic downturn. However, under Measure 50, assessed values of individual properties continue to increase, generally by 3% annually, unless they exceed real market value.
- **Direct and Overlapping Tax Rates** provides information on how property taxpayers in different parts of the County have different total tax rates, depending on the jurisdiction and taxing districts they are in.

JOSEPHINE COUNTY, OREGON

- **Principal Property Taxpayers** shows that the top ten taxpayers only own 3.51% of taxable property, compared to 4.19% nine years earlier. The County is not highly vulnerable to the loss of any single taxpayer.
- **Property Tax Levies and Collections** show that the County collects well over 90% of property taxes within the first year that they are levied.

Information about debt capacity. These schedules provide trend information about the County's use of debt to finance its operations and show that the County is well below its legal debt margin.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Computation of Direct and Overlapping Bonded Debt
- Legal Debt Margin Information

Demographic and economic information. These schedules provide information about demographic and economic indicators to help the reader assess the economic health of Josephine County.

- **Demographic Statistics** indicates that there has been a fairly steady population growth and increase in personal income in the county through 2008, with a general flattening of growth since. The slow drop through 2008 in the unemployment rate shows that the area has gradually been recovering from the loss of timber and wood product employment, however the rate is still high and personal income low compared to the rest of the state and nation. Since 2009, the unemployment rate has sharply increased reflecting the current economic difficulties facing our nation and community.
- **Principal Employers** shows that employment in the county is not dominated by any one or two employers.

Operating Information. The information in these schedules is intended to help readers understand how the County's financial information relates to the services it provides and the activities it performs.

- **Full-time Equivalent County Government Employees by Function** shows the fairly consistent number of full-time equivalent employees through 2006, with the sharp drop in 2007 because of layoffs and outsourcing of functions to prepare for the potential loss of O&C funding. The schedule also shows the trends in headcount by function.
- **Operating Indicators by Function** indicates the change over ten years in certain activities that are part of the County's operations.
- **Capital Asset Statistics by Function** shows that facilities maintained by the County have remained level, in spite of the population growth that occurred over the time period represented.

JOSEPHINE COUNTY, OREGON

Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	As of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in capital assets, net of related debt	\$25,724,558	\$24,510,941	\$40,266,754	\$41,314,844	\$42,874,052	\$46,841,750	\$46,731,176	\$47,478,186	\$48,087,945	\$50,788,250
Restricted	12,660,292	14,485,826	18,454,920	20,622,260	17,423,106	18,691,104	20,854,678	18,261,754	16,030,085	11,421,718
Unrestricted	(19,532,610)	(18,883,570)	(16,626,350)	(12,149,187)	(6,574,356)	(2,056,077)	2,112,202	192,838	(1,541,258)	(8,477,984)
Total Governmental Activities net assets	\$18,852,240	\$20,113,197	\$42,095,324	\$49,787,917	\$53,722,802	\$63,476,777	\$69,698,056	\$65,932,778	\$62,576,772	\$53,731,984
Business-type Activities:										
Invested in capital assets, net of related debt	\$1,481,215	\$1,663,333	\$1,977,725	\$1,867,831	\$1,946,770	\$2,906,167	\$2,792,408	\$2,823,021	\$3,141,932	\$3,695,039
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	153,476	166,508	184,746	230,827	227,777	163,974	184,878	210,457	318,631	332,088
Total Business-type Activities net assets	\$1,634,691	\$1,829,841	\$2,162,471	\$2,098,658	\$2,174,547	\$3,070,141	\$2,977,286	\$3,033,478	\$3,460,563	\$4,027,127
Primary Government:										
Invested in capital assets, net of related debt	\$27,205,773	\$26,174,274	\$42,244,479	\$43,182,675	\$44,820,822	\$49,747,917	\$49,523,584	\$50,301,207	\$51,229,877	\$54,483,289
Restricted	12,660,292	14,485,826	18,454,920	20,622,260	17,423,106	18,691,104	20,854,678	18,261,754	16,030,085	11,421,718
Unrestricted	(19,379,134)	(18,717,062)	(16,441,604)	(11,918,360)	(6,346,579)	(1,892,103)	2,297,080	403,295	(1,222,627)	(8,145,896)
Total Primary Government net assets	\$20,486,931	\$21,943,038	\$44,257,795	\$51,886,575	\$55,897,349	\$66,546,918	\$72,675,342	\$68,966,256	\$66,037,335	\$57,759,111

Notes:

- (1) Accrual basis financial statements for the county government as a whole is available only back to 2003, the year GASB Statement 34 was implemented.
- (2) The balances as of June 30, 2005 include infrastructure assets for the first time.
- (3) The balances as of June 30, 2009 include the Other Post-Employment Benefit (OPEB) Obligation for the first time.

JOSEPHINE COUNTY, OREGON

Changes in Net Assets

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental Activities:										
General Government	\$6,088,483	\$7,562,145	\$8,019,981	\$4,230,673	\$2,600,514	\$4,505,267	\$3,554,768	\$3,105,746	\$3,466,313	\$4,196,167
Public Safety	17,406,989	16,035,512	15,217,040	16,124,831	18,228,829	18,288,469	18,674,398	20,288,250	20,580,502	20,389,206
Public Works	5,420,435	5,795,684	7,487,302	5,912,624	5,687,268	5,350,527	8,213,897	9,551,563	9,167,351	8,315,014
Culture and Recreation	5,801,350	3,587,034	3,454,429	3,340,311	2,883,124	2,398,748	2,569,225	2,457,628	2,234,542	2,650,036
Community Development	2,899,438	2,782,839	2,537,919	4,603,135	3,963,488	2,971,068	3,057,506	4,295,501	3,553,741	3,455,163
Health & Human Services	26,559,366	27,043,154	27,547,123	26,047,563	13,326,948	8,124,116	8,074,595	7,995,407	8,993,704	9,392,933
Interest on long-term debt	1,371,960	1,477,150	1,372,836	1,299,545	1,415,435	1,251,165	1,221,383	993,901	958,424	940,402
Total Governmental Activities expenses	65,528,021	64,283,518	65,636,630	61,558,682	48,105,606	42,889,360	45,365,772	48,687,996	48,954,577	49,338,921
Business-type Activities:										
Jail Commissary	29,335	28,782	39,410	66,547	63,405	36,600	66,893	64,104	66,071	109,769
County Airports	532,743	581,488	592,640	608,669	575,729	609,390	719,103	780,848	556,937	764,224
Total Business-type Activities expenses	562,078	610,270	632,050	675,216	639,134	645,990	785,996	844,952	623,008	873,993
Total Primary Government expenses	<u>\$66,090,099</u>	<u>\$64,893,788</u>	<u>\$66,268,680</u>	<u>\$62,233,898</u>	<u>\$48,744,740</u>	<u>\$43,535,350</u>	<u>\$46,151,768</u>	<u>\$49,532,948</u>	<u>\$49,577,585</u>	<u>\$50,212,914</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$1,458,947	\$1,696,813	\$6,218,250	\$5,642,574	\$2,129,445	\$966,763	\$2,636,988	\$1,714,988	\$1,781,670	\$1,749,282
Public Safety	2,703,110	748,900	16,179	20,420	2,604,016	1,856,199	1,854,259	1,883,974	2,082,170	1,839,528
Public Works	756,714	125,780	123,359	126,396	131,098	227,253	296,886	146,557	295,575	305,253
Culture and Recreation	1,580,144	1,528,374	1,350,210	1,468,255	1,530,078	1,178,971	1,449,110	1,399,433	1,403,855	1,522,923
Community Development	2,214,116	2,923,765	1,059,562	1,205,988	1,369,546	2,381,508	2,018,546	1,278,033	1,214,792	1,507,512
Health & Human Services	2,931,039	2,119,446	689,049	670,162	1,190,256	1,360,527	1,692,426	1,425,936	1,694,825	1,519,911
Operating Grants and Contributions	39,358,149	41,861,914	42,862,587	43,131,333	25,055,783	26,709,265	21,822,753	21,632,056	22,903,460	21,425,013
Capital Grants and Contributions	-	-	3,923,000	-	113,817	56,000	3,464,680	304,227	371,099	702,874
Total Governmental Activities program revenues	51,002,219	51,004,992	56,242,196	52,265,128	34,124,039	34,736,486	35,235,648	29,785,204	31,747,446	30,572,296
Business-type Activities:										
Charges for Services:										
Jail Commissary	41,970	49,547	60,343	70,346	57,768	63,606	45,450	78,142	91,468	130,294
County Airports	425,584	230,904	293,448	405,188	450,110	450,831	521,850	427,165	517,754	577,152
Capital Grants and Contributions	151,749	504,964	565,631	69,542	188,600	1,062,974	111,338	369,689	415,978	720,847
Total Business-type Activities program revenues	619,303	785,415	919,422	545,076	696,478	1,577,411	678,638	874,996	1,025,200	1,428,293
Total Primary Government program revenues	<u>\$51,621,522</u>	<u>\$51,790,407</u>	<u>\$57,161,618</u>	<u>\$52,810,204</u>	<u>\$34,820,517</u>	<u>\$36,313,897</u>	<u>\$35,914,286</u>	<u>\$30,660,200</u>	<u>\$32,772,646</u>	<u>\$32,000,589</u>
Net (expenses) revenues:										
Governmental Activities	(\$14,525,802)	(\$13,278,526)	(\$9,394,434)	(\$9,293,554)	(\$13,981,567)	(\$8,152,874)	(\$10,130,124)	(\$18,902,792)	(\$17,207,131)	(\$18,766,625)
Business-type Activities	57,225	175,145	287,372	(130,140)	57,344	931,421	(107,356)	30,044	402,192	554,300
Total Primary Government net expense	<u>(\$14,468,577)</u>	<u>(\$13,103,381)</u>	<u>(\$9,107,062)</u>	<u>(\$9,423,694)</u>	<u>(\$13,924,223)</u>	<u>(\$7,221,453)</u>	<u>(\$10,237,482)</u>	<u>(\$18,872,748)</u>	<u>(\$16,804,939)</u>	<u>(\$18,212,325)</u>

(Continued on the next page)

JOSEPHINE COUNTY, OREGON

Changes in Net Assets (Continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expenses) revenues (from previous page):										
Governmental Activities	(\$14,525,802)	(\$13,278,526)	(\$9,394,434)	(\$9,293,554)	(\$13,981,567)	(\$8,152,874)	(\$10,130,124)	(\$18,902,792)	(\$17,207,131)	(\$18,766,625)
Business-type Activities	57,225	175,145	287,372	(130,140)	57,344	931,421	(107,358)	30,044	402,192	554,300
Total Primary Government net expense	<u>(14,468,577)</u>	<u>(13,103,381)</u>	<u>(9,107,062)</u>	<u>(9,423,694)</u>	<u>(13,924,223)</u>	<u>(7,221,453)</u>	<u>(10,237,482)</u>	<u>(18,872,748)</u>	<u>(16,804,939)</u>	<u>(18,212,325)</u>
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Taxes:										
Property Taxes	3,782,711	3,759,885	3,858,159	3,957,320	4,137,828	4,390,498	4,661,545	4,891,102	4,848,368	4,872,179
Unrestricted O&C Revenue Safety Net Support	11,253,913	11,388,960	11,537,016	11,802,368	11,920,391	11,895,928	10,728,352	9,655,517	8,701,886	4,910,825
Investment Earnings	361,723	322,049	671,299	1,283,459	1,866,053	1,576,486	970,106	613,695	323,671	149,333
Transfers	(12,000)	(12,000)	(37,000)	(57,000)	(7,820)	43,937	(8,600)	(22,800)	(22,800)	(10,500)
Total Governmental Activities	<u>15,386,347</u>	<u>15,468,894</u>	<u>16,029,474</u>	<u>16,986,147</u>	<u>17,916,452</u>	<u>17,906,849</u>	<u>16,351,403</u>	<u>15,137,514</u>	<u>13,851,125</u>	<u>9,921,837</u>
Business-type Activities:										
Investment Earnings	2,983	8,005	4,476	9,327	10,725	8,110	5,903	3,348	2,093	1,764
Transfers	12,000	12,000	37,000	57,000	7,820	(43,937)	8,600	22,800	22,800	10,500
Total Business-type Activities	<u>14,983</u>	<u>20,005</u>	<u>41,476</u>	<u>66,327</u>	<u>18,545</u>	<u>(35,827)</u>	<u>14,503</u>	<u>26,148</u>	<u>24,893</u>	<u>12,264</u>
Total Primary Government	<u>15,401,330</u>	<u>15,478,899</u>	<u>16,070,950</u>	<u>17,052,474</u>	<u>17,934,997</u>	<u>17,871,022</u>	<u>16,365,906</u>	<u>15,163,662</u>	<u>13,876,018</u>	<u>9,934,101</u>
Change in Net Assets:										
Governmental Activities	860,545	2,180,368	6,635,040	7,692,593	3,934,885	9,753,975	6,221,279	(3,765,278)	(3,356,006)	(8,844,788)
Business-type Activities	72,208	195,150	328,848	(63,813)	75,889	895,594	(92,855)	56,192	427,085	566,564
Total Primary Government	<u>\$932,753</u>	<u>\$2,375,518</u>	<u>\$6,963,888</u>	<u>\$7,628,780</u>	<u>\$4,010,774</u>	<u>\$10,649,569</u>	<u>\$6,128,424</u>	<u>(\$3,709,086)</u>	<u>(\$2,928,921)</u>	<u>(\$8,278,224)</u>

Note: Accrual basis financial statements for the county government as a whole is available only back to 2003, the year GASB Statement 34 was implemented.

JOSEPHINE COUNTY, OREGON

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	As of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 3,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,094,295	2,494,819	2,660,756	4,135,655	5,425,422	3,952,683	3,598,996	3,462,700	-	-
GASB 54:										
Unassigned										
Total General Fund	<u>\$ 2,097,963</u>	<u>\$ 2,494,819</u>	<u>\$ 2,660,756</u>	<u>\$ 4,135,655</u>	<u>\$ 5,425,422</u>	<u>\$ 3,952,683</u>	<u>\$ 3,598,996</u>	<u>\$ 3,462,700</u>	<u>2,708,775</u>	<u>2,406,543</u>
									<u>\$ 2,708,775</u>	<u>\$ 2,406,543</u>
All other governmental funds:										
Reserved/Nonspendable	\$ 1,219,229	\$ 966,675	\$ 1,020,560	\$ 2,078,253	\$ 594,850	\$ 627,054	\$ 1,162,807	\$ 414,672	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	11,339,351	13,620,725	14,173,306	14,935,820	15,331,547	24,247,936	26,728,405	25,076,912	-	-
Debt service funds	310,397	1,138,761	1,651,013	764,474	-	-	168,214	165,430	-	-
Capital project funds	(39,297)	108,457	3,587,159	3,549,672	5,501,802	2,758,755	6,036,704	5,213,017	-	-
Permanent funds	171,685	181,547	140,460	160,224	185,916	208,788	222,803	-	-	-
GASB 54:										
Nonspendable									1,060,372	1,228,215
Restricted									12,324,318	10,068,383
Committed									14,458,977	5,994,351
Assigned									-	-
Unassigned									(143,976)	(282,568)
Total all other governmental funds	<u>\$ 13,001,365</u>	<u>\$ 16,016,165</u>	<u>\$ 20,572,498</u>	<u>\$ 21,488,443</u>	<u>\$ 21,614,115</u>	<u>\$ 27,842,533</u>	<u>\$ 34,318,933</u>	<u>\$ 30,870,031</u>	<u>\$ 27,699,691</u>	<u>\$ 17,008,381</u>

Due to changes in the county's fund structure connected with the implementation of GASB 34, fund balance information is available only back to 2003.

Beginning with June 30, 2011 amounts in fund balance are reported in accordance with GASB 54. Prior year fund balance remain in the previous designation.

JOSEPHINE COUNTY, OREGON

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 3,907,165	\$ 3,883,987	\$ 3,970,604	\$ 4,095,041	\$ 4,184,157	\$ 4,438,328	\$ 4,581,410	\$ 4,826,026	\$ 4,824,573	\$ 4,807,750
Fees and Charges for Services	6,982,626	8,318,255	8,696,834	8,840,202	8,509,403	7,812,689	7,735,370	6,730,365	7,008,388	7,031,687
Intergovernmental Revenues	50,211,593	49,731,153	56,593,851	53,425,843	36,164,952	36,699,746	35,523,619	31,311,196	31,891,433	27,023,002
Interfund Charges for Services	2,600,649	3,288,879	3,809,682	1,943,228	1,541,932	1,753,682	1,598,320	1,531,425	1,572,381	1,670,473
Other Revenues	4,705,372	3,712,055	2,205,516	2,227,569	2,484,183	3,238,630	2,644,969	1,378,407	1,399,594	1,213,872
Total Revenues	68,407,405	68,934,329	75,276,487	70,531,883	52,864,627	53,943,075	52,083,688	45,777,419	46,696,369	41,746,784
Expenditures:										
General Government	6,772,013	7,034,606	7,881,158	5,521,445	2,892,577	3,767,602	3,034,443	3,343,636	2,909,254	3,733,693
Public Safety	17,176,501	16,438,386	17,373,070	17,647,363	17,866,561	18,149,093	17,718,712	18,761,904	19,348,194	19,264,881
Public Works	5,298,780	6,258,326	8,476,944	7,760,070	6,906,119	9,415,379	7,258,275	8,564,515	8,934,164	9,639,342
Culture & Recreation	5,616,494	3,567,235	3,564,773	3,441,299	2,680,596	2,347,670	2,682,453	2,410,184	2,400,484	2,415,588
Community Development	2,882,527	2,917,763	2,783,732	4,948,449	3,808,406	2,885,006	2,902,631	4,049,645	3,411,218	3,440,039
Human Services	27,055,586	27,589,814	28,397,568	26,554,315	12,487,281	7,792,849	7,887,824	7,594,218	8,818,945	9,144,318
Debt Service - Principal	979,945	1,082,142	955,258	1,089,747	1,196,162	1,170,208	1,296,925	1,315,323	1,390,594	1,455,869
Debt Service - Interest	1,082,423	1,048,909	1,022,337	995,898	1,110,066	948,524	914,495	779,645	748,018	723,744
Debt Service - Bond issuance cost	-	-	-	-	-	-	127,103	-	-	57,880
Total Expenditures	66,864,269	65,937,181	70,454,840	67,958,586	48,947,768	46,476,331	43,822,861	46,819,070	47,960,871	49,875,354
Excess of Revenues Over (Under) Expenditures	1,543,136	2,997,148	4,821,647	2,573,297	3,916,859	7,466,744	8,260,827	(1,041,651)	(1,264,502)	(8,128,570)
Other Financing Sources (Uses):										
Debt Proceeds	369,000	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	7,920,000	-	-	8,300,000
Premium (Discount) on refunding bonds	-	-	-	-	-	-	391,656	-	-	(198,760)
Payment to refunding bond escrow agent	-	-	-	-	-	-	(8,184,553)	-	-	(8,043,360)
Transfers In	3,289,269	4,279,981	5,151,809	4,372,389	22,310,938	7,550,782	8,228,071	7,471,302	7,443,296	7,061,287
Transfers Out	(4,201,217)	(3,865,473)	(5,251,386)	(4,554,842)	(24,047,884)	(10,261,847)	(10,493,288)	(10,014,849)	(10,103,059)	(9,984,139)
Total Other Financing Sources (Uses)	(542,948)	414,508	(99,577)	(182,453)	(1,736,946)	(2,711,065)	(2,138,114)	(2,543,547)	(2,659,763)	(2,864,972)
Net Change in Fund Balance	\$ 1,000,188	\$ 3,411,656	\$ 4,722,070	\$ 2,390,844	\$ 2,179,913	\$ 4,755,679	\$ 6,122,713	\$ (3,585,198)	\$ (3,924,265)	\$ (10,993,542)
Debt service as a percentage of noncapital expenditures	3.18%	3.34%	2.89%	3.17%	4.94%	4.78%	5.64%	4.68%	4.67%	4.70%

JOSEPHINE COUNTY, OREGON

Assessed and Real Market Values of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Total Direct Tax Rate (1)	Assessed Value					Real Market Value
		Real	Manufactured Structures	Personal	Utilities	Total	
2002-03	0.93	3,677,567,535	119,945,632	80,764,669	142,176,006	4,020,453,842	4,803,016,923
2003-04	0.88	3,890,566,005	122,510,207	87,825,003	133,119,521	4,234,020,736	5,478,748,706
2004-05	0.85	4,129,480,049	130,266,655	92,166,757	129,162,862	4,481,076,323	6,502,753,771
2005-06	0.83	4,415,330,518	133,238,126	94,689,274	119,516,345	4,762,774,263	8,017,637,670
2006-07	0.81	4,717,456,116	135,530,330	103,837,124	120,485,200	5,077,308,770	9,900,996,388
2007-08	0.80	5,015,174,748	139,087,020	110,375,247	119,151,000	5,383,788,015	10,626,563,720
2008-09	0.79	5,267,001,884	137,773,700	119,351,135	131,096,850	5,655,223,569	10,271,803,111
2009-10	0.77	5,509,036,303	128,920,050	116,701,163	153,833,660	5,908,491,176	9,182,833,828
2010-11	0.76	5,682,170,356	117,201,280	122,549,668	165,069,620	6,086,990,924	8,446,479,564
2011-12	0.75	5,811,113,057	88,260,640	114,715,188	168,844,380	6,182,933,265	7,574,999,491

(1) - Per \$1,000 of assessed value.

* *Ballot Measure 50, approved by State voters in May 1997, changed the way property taxes are assessed and computed. For 1997-98, and subsequent years, the assessed value of property is the real market value or 90 percent of the 1995 assessed value, **whichever is lower**. If the property has changed since 1995, increased values are calculated in comparison to the values of similar property that existed in 1995.*

Source: Josephine County Assessor's Office

Last Ten Fiscal Years

County Direct Rate					Total Direct Tax Rate		Overlapping Rates									
Fiscal Year	Permanent Rate(2)	Exempt Bond	Local Option	Total Direct Tax Rate	Cities		Rural Fire Districts			School Districts			Rogue Community College	Kerby Water District	4H Extension	
					Grants Pass	Cave Junction	Applegate	Illinois Valley	Williams	Wolf Creek	Grants Pass	Three Rivers				So. OR. ESD
2002-03	0.59	0.21	0.13	0.93	4.98	2.05	2.68	1.87	1.06	2.19	7.06	4.46	0.35	0.51	-	0.05
2003-04	0.59	0.29	-	0.88	5.02	2.04	2.68	2.44	1.06	2.19	6.43	4.45	0.35	0.51	-	0.05
2004-05	0.59	0.26	-	0.85	5.02	2.04	2.53	2.41	1.06	2.19	6.76	4.43	0.35	0.51	-	0.05
2005-06	0.59	0.24	-	0.83	5.62	1.90	2.53	2.38	1.06	2.98	6.67	4.36	0.35	0.51	-	0.05
2006-07	0.59	0.22	-	0.81	5.62	1.90	2.53	2.35	1.06	2.98	6.48	4.34	0.35	0.51	-	0.05
2007-08	0.59	0.21	-	0.80	6.13	1.90	2.53	2.31	1.59	2.98	6.41	4.30	0.35	0.51	-	0.05
2008-09	0.59	0.20	-	0.79	6.12	1.90	2.53	2.26	1.59	2.98	6.21	4.29	0.35	0.51	1.90	0.05
2009-10	0.59	0.18	-	0.77	6.32	1.90	2.53	2.23	1.59	2.88	6.43	4.28	0.35	0.51	3.35	0.05
2010-11	0.59	0.17	-	0.76	6.33	1.90	2.53	2.22	1.59	2.88	5.92	4.29	0.35	0.51	3.41	0.05
2011-12	0.59	0.17	-	0.75	6.33	1.90	2.53	2.17	1.59	2.88	5.97	4.25	0.35	0.51	3.14	0.05

(1) Nominal property tax rate is per \$1,000 without compression resulting from Ballot Measure 5

(2) Josephine County Permanent Rate is \$0.5867 per \$1,000 assessed value. Due to statewide constitutional property tax limitation of Ballot Measures 5 and 47/50, the County is restricted in its ability to raise the permanent tax rate or to implement new taxes without voter approval.

Note: These figures are rounded and for general information only. For actual nominal tax rates, inquire at the County Assessors's Office.

JOSEPHINE COUNTY, OREGON

Principal Property Taxpayers

Current Year and Nine Years Ago

Principal Taxpayers	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pacificorp (PP&L)	\$ 81,256,330	1	1.30%	\$ 57,519,610	1	1.43%
Masterbrand Cabinets, Inc.	19,265,420	2	0.31%			
Charter Communications	17,935,000	3	0.29%			
Auerbach Grants Pass LLC and Freeman Grants Pass LLC	17,357,120	4	0.28%			
Nunn, Ronald C & Marcia K	18,026,510	5	0.29%	13,576,050	5	0.34%
Grants Pass FMS LLC	13,781,210	6	0.22%			
Avista Corp. dba Avista Utilities	15,513,000	7	0.25%	7,787,000	10	0.19%
Johnson Trust, Carl D.	13,096,050	8	0.21%	8,888,170	6	0.22%
Home Depot USA Inc.	11,114,070	9	0.18%			
Lynn-Ann Development LLC	11,432,607	10	0.18%			
QWEST Corporation				38,062,651	2	0.95%
Grant Kent Partners LP/Fred Meyer				11,281,710	3	0.28%
Zak Realty				10,581,537	4	0.26%
Jensen, Robert A & Shirley Y				7,415,458	7	0.18%
Wal-Mart Stores, Inc.				7,120,444	8	0.18%
Hillebrand Children Riverwood Apartments				6,326,184	9	0.16%
Total Principal Taxpayers	<u>\$ 218,777,317</u>		<u>3.51%</u>	<u>\$168,558,814</u>		<u>4.19%</u>

Source: Josephine County Assessor's Office

Note: Ranking is based on dollars received and not assessed value

JOSEPHINE COUNTY, OREGON

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Within the First Year of the Levy			Collections in Subsequent Years	Total to Date		Outstanding June 30, 2012	
		Discounts Allowed	Collections (2)	Percent (2)		Collections (2)	Percent (2)	Delinquent Taxes	Percentage to Total Tax Levy
2002-03	3,677,044	86,904	3,458,544	94.1%	131,279	3,589,823	97.6%	317	0.01%
2003-04	3,648,728	86,980	3,447,640	94.5%	113,676	3,561,316	97.6%	432	0.01%
2004-05	3,719,994	90,026	3,514,250	94.5%	115,373	3,629,623	97.6%	345	0.01%
2005-06	3,870,112	94,690	3,669,691	94.8%	105,398	3,775,089	97.5%	333	0.01%
2006-07	4,033,916	97,973	3,803,545	94.3%	130,323	3,933,868	97.5%	2,075	0.05%
2007-08	4,263,339	102,983	4,011,908	94.1%	144,807	4,156,715	97.5%	3,641	0.09%
2008-09	4,484,396	105,608	4,185,668	93.3%	173,503	4,359,171	97.2%	19,617	0.44%
2009-10	4,625,028	110,526	4,301,176	93.0%	130,511	4,431,687	95.8%	82,815	1.79%
2010-11	4,691,936	112,850	4,370,274	93.1%	82,777	4,453,051	94.9%	126,035	2.69%
2011-12	4,709,942	114,159	4,385,112	93.1%	0	4,385,112	93.1%	210,671	4.47%

(1) Includes all County levies, miscellaneous assessments and additional taxes.
Does not include levies for other taxing districts.
Includes first year additions and deletions to the Tax Roll.

(2) Net of Adjustments, additions, corrections and cancellations, not including discounts.
Does not include collections for other taxing districts.

Source: Josephine County Treasurer/Tax Collector

JOSEPHINE COUNTY, OREGON

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

June 30	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	PERS Bond	Loans and Leases Payable			
2003	12,070,000	13,179,316	1,136,311	26,385,627	0.09%	338.49
2004	11,485,000	13,176,867	919,487	25,581,354	0.10%	326.50
2005	10,875,000	13,143,723	738,700	24,757,423	0.10%	309.78
2006	10,240,000	13,077,404	539,011	23,856,415	0.12%	295.40
2007	9,575,000	12,976,124	417,849	22,968,973	0.12%	281.18
2008	8,885,000	12,831,254	387,641	22,103,895	0.13%	265.38
2009	7,920,000	12,640,072	300,716	20,860,788	0.14%	251.96
2010	7,150,000	12,399,356	285,393	19,834,749	0.15%	239.62
2011	6,350,000	12,100,806	269,799	18,720,605	N/A	226.04
2012	5,530,000	12,980,000	253,934	18,763,934	N/A	226.86

N/A - Personal income is not yet available

JOSEPHINE COUNTY, OREGON

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30	Population ⁽¹⁾	Assessed Value (In Thousands) ⁽²⁾	Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2003	78,020	4,020,454	12,070,000	65,220	12,004,780	0.30%	153.87
2004	78,180	4,234,021	11,485,000	147,531	11,337,469	0.27%	145.02
2005	79,135	4,481,076	10,875,000	145,620	10,729,380	0.24%	135.58
2006	80,525	4,762,774	10,240,000	134,136	10,105,864	0.21%	125.50
2007	81,699	5,077,309	9,575,000	102,095	9,472,905	0.19%	115.95
2008	82,509	5,383,788	8,885,000	103,520	8,781,480	0.16%	106.43
2009	82,794	5,655,224	7,920,000	85,010	7,834,990	0.14%	94.63
2010	82,775	5,908,491	7,150,000	140,732	7,009,268	0.12%	84.68
2011	82,820	6,086,991	6,350,000	121,821	6,228,179	0.10%	75.20
2012	82,713	6,182,933	5,530,000	79,953	5,450,047	0.09%	65.89

(1) Source: Portland State University's Population Research Center

(2) Source: Josephine County Assessor's Office

JOSEPHINE COUNTY, OREGON

**Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
June 30, 2012**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable To Josephine County	Amount Applicable To Josephine County
Direct:			
Counties:			
Josephine	\$ 5,530,000	100.00%	<u>\$ 5,530,000</u>
Overlapping:			
Cities:			
Grants Pass	6,615,000	100.00%	6,615,000
Cave Junction	-	-	-
Rural Fire Protection Districts:			
Illinois Valley RFPD 1	1,620,000	100.00%	1,620,000
Williams RFPD	-	100.00%	-
Wolf Creek RFPD	-	-	-
Community Colleges:			
Rogue Community College	-	-	-
School Districts:			
Grants Pass District 7	3,830,000	100.00%	3,830,000
Three Rivers District	16,335,000	96.67%	<u>15,791,045</u>
Total Overlapping Debt			<u>27,856,045</u>
Total Direct and Overlapping Debt			<u><u>\$ 33,386,045</u></u>

Source: Oregon State Treasury Debt Management Division

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County.

JOSEPHINE COUNTY, OREGON

Legal Debt Margin Information

Last Ten Fiscal Years
(amounts expressed in thousands)

	As of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real Market Value of taxable property ⁽¹⁾	\$ 4,803,017	\$ 5,478,749	\$6,502,754	\$ 8,017,638	\$ 9,900,996	\$ 10,626,563	\$ 10,271,203	\$ 9,182,834	\$ 8,446,480	\$ 7,574,999
Debt Limit, 2% of Real Market Value	\$96,060	\$109,575	\$130,055	\$160,353	\$198,020	\$212,531	\$205,424	\$183,657	\$168,930	\$151,500
Total net debt applicable to limit	12,005	11,337	10,729	10,106	9,473	8,781	7,835	7,009	6,228	5,450
Legal debt margin	\$84,055	\$98,238	\$119,326	\$150,247	\$188,547	\$203,750	\$197,589	\$176,648	\$162,702	\$146,050
Total net debt applicable to this limit as a percentage of debt limit	12.50%	10.35%	8.25%	6.30%	4.78%	4.13%	3.81%	3.82%	3.69%	3.60%

⁽¹⁾ Josephine County Assessor's Office

JOSEPHINE COUNTY, OREGON

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾ for June	Median Age ⁽⁵⁾
2002-03	78,020	\$1,874,176	\$23,790	20,373	9.5%	N/A
2003-04	78,180	\$1,974,270	\$24,862	19,606	8.3%	N/A
2004-05	79,135	\$2,081,223	\$25,802	19,324	7.2%	44.0
2005-06	80,525	\$2,241,734	\$27,472	19,644	6.3%	N/A
2006-07	81,699	\$2,346,084	\$28,700	20,152	6.7%	43.6
2007-08	82,509	\$2,402,204	\$29,329	20,842	7.9%	N/A
2008-09	82,794	\$2,429,273	\$28,727	21,781	14.4%	44.4
2009-10	82,775	\$2,450,499	\$29,580	31,262	13.7%	46.3
2010-11	82,820	N/A	N/A	29,533	12.7%	48.1
2011-12	82,713	N/A	N/A	26,368	11.7%	47.1

(1) Portland State University's Population Research Center

(2) U.S. Dept of Commerce, Bureau of Economic Analysis

(3) Grants Pass School District 7; Three Rivers School District; Rogue Community College

(4) www.qualityinfo.org

(5) U.S. Census Bureau

N/A Information not available

JOSEPHINE COUNTY, OREGON

Principal Employers

Current Year and Nine Years Ago

Principal Employers	2012			2003		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Rogue Community College	919	1	4.02%	N/A	2	N/A
Three Rivers Community Hospital	918	2	4.02%	N/A	6	N/A
Grants Pass School District #7	667	3	2.92%	N/A	3	N/A
Three Rivers School District	639	4	2.80%	N/A	1	N/A
Fire Mountain Gems	500	5	2.19%	N/A	N/A	N/A
Josephine County	450	6	1.97%	N/A	7	N/A
Wal-Mart	430	7	1.88%	N/A	8	N/A
Masterbrand Cabinet Company	330	8	1.44%	N/A	N/A	N/A
Barrett Business Services	260	9	1.13%	N/A	N/A	N/A
Diversified Collection Service	260	10	1.13%	N/A	N/A	N/A
Total - Top 10	<u>5,373</u>		<u>23.50%</u>			
**Fred Meyer	230	11	1.01%	N/A	5	N/A
**Siskiyou National Forest	180	13	0.79%	N/A	4	N/A

** Not included in Total Top 10. Displayed for historical purposes.

N/A - Information is not available.

Source: Grants Pass Chamber of Commerce

JOSEPHINE COUNTY, OREGON

Full-time Equivalent County Government Employees by Function

Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	35.9	34.6	34.4	34.0	36.7	34.5	34.3	32.9	32.5	32.0
Public Safety	227.4	207.7	212.3	205.9	217.0	201.6	213.1	214.4	219.3	205.7
Public Works	95.6	86.0	73.9	74.0	74.9	61.0	67.3	73.4	72.4	71.6
Culture & Recreation	44.2	33.8	35.5	30.7	19.5	16.8	18.9	21.3	20.0	14.6
Community Development	30.2	28.4	27.8	27.3	32.5	33.0	32.9	32.2	31.7	29.1
Human Services	252.3	245.5	230.9	219.9	45.2	56.4	52.5	52.3	57.7	60.6
Total	685.6	636.0	614.8	591.8	425.8	403.3	419.0	426.5	433.6	413.6

Source: Josephine County adopted budgets. FTE's are budgeted amounts.

Assuming a work week of 40 hours, an employee is scheduled to work 2080 hours per year (including vacation and sick leave). Full-time equivalent is calculated by dividing total budgeted labor hours by 2080.

JOSEPHINE COUNTY, OREGON

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Sheriff										
Jail bookings	5,170	4,710	4,612	4,944	5,130	5,452	6,575	4,956	4,816	5,308
Inmates released due to lack of available resources	496	496	805	1,163	1,358	385	309	314	327	793
Average daily jail population	170	150	125	120	140	135	106	143	142	118
Patrol - calls for service	69,795	60,184	65,474	63,000	54,802	56,942	54,524	59,762	61,124	32,866
District Attorney										
Criminal prosecution cases filed	3,610	3,366	3,281	3,323	2,960	2,671	2,779	2,731	2,588	2,126
Child support cases	919	926	936	914	933	925	917	912	909	890
Community Justice										
Work crew participants	1,501	1,016	1,267	1,498	1,854	1,337	1,729	1,530	1,387	1,627
Juvenile Justice intakes	1,358	1,209	1,078	1,035	1,046	1,092	1,106	884	774	741
Public Health										
Inspections of food services	532	1,213	1,062	1,275	1,208	1,163	1,339	1,347	1,164	1,122
Immunizations given	14,991	15,336	11,018	10,283	10,074	10,250	10,455	10,942	6,403	4,447
County Clerk										
Recorded instruments	32,979	31,875	34,177	34,484	31,338	27,709	25,602	23,183	22,019	21,978
Planning Department										
Permits issued	2,174	2,094	2,428	2,171	2,099	1,618	1,257	1,132	1,031	1,037
Parks Department										
Walk-ins	N/A	N/A	N/A	N/A	N/A	16,431	17,457	18,869	16,375	N/A
Reservations taken	N/A	N/A	N/A	N/A	N/A	43,569	43,850	40,712	34,261	N/A

N/A - Information not available.

JOSEPHINE COUNTY, OREGON

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Adult Jail Facility Beds	200	200	200	200	200	200	200	200	200	200
Juvenile Facility Detention Beds	14	14	14	14	14	14	14	14	14	14
Juvenile Facility Shelter Beds	16	16	16	16	16	16	16	16	16	16
Public Works										
Road miles maintained	576	576	576	576	576	565	566	566	566	566
Bridges maintained	195	195	195	195	195	193	198	122	122	122
Culture and Recreation										
Park acreage	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Number of parks	10	10	10	10	10	10	10	10	10	10
Boat ramps	15	15	15	15	15	15	15	15	15	15
Nature/recreation areas	4	4	4	4	4	4	4	4	4	4
Library branches	4	4	4	4	4	4	4	4	4	4
Airports	2	2	2	2	2	2	2	2	2	2
Human Services										
Secured residential facility	1	1	1	1	1	1	1	1	1	1

**DISCLOSURES IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
AND
INDEPENDENT AUDITORS' COMMENTS**



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



Board of County Commissioners
Josephine County, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Josephine County, Oregon, ("County") as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 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 City 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 opinions 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.

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 Josephine County Commissioners and management, 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.

Isler CPA

By: Paul R. Nielson
Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 28, 2012

COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS'
REQUIRED BY STATE STATUTE



Board of County Commissioners
Josephine County, Oregon

We have audited the financial statements and schedules of Josephine County, Oregon ("County") as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and *Government Auditing Standards*.

Compliance

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 grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

Deposits of public funds with financial institutions (ORS Chapter 295).

Indebtedness limitations, restrictions and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded from outside sources.

Highway revenues used for public highways, roads, and streets.

Authorized investment of surplus funds (ORS Chapter 294).

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

1. Over-expended appropriations as noted in footnote 11 of the County's financial statements.

OAR 162-10-0230 Internal Control

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

Our reports on internal control are presented separately under this cover.

This report is intended for the information of the Josephine County Commissioners, management, and the Secretary of State, Division of Audits, of the State of Oregon. However, this report is a matter of public record and is not intended to be and should not be used by anyone other than those specified parties

ISLER CPA

By: Paul R. Nielson
Paul Nielson, CPA, a member of the firm

Eugene, Oregon
December 28, 2012

JOSEPHINE COUNTY, OREGON

**SCHEDULE OF CASH ON HAND AND CASH TRANSACTIONS OF INDEPENDENTLY
ELECTED OFFICIALS**

Year Ended June 30, 2012

There is no cash on hand or cash transactions of independently elected officials for fiscal year June 30, 2012.

JOSEPHINE COUNTY, OREGON

**Schedule of Property Tax Transactions
For the Year Ended June 30, 2012**

Fiscal Year	Uncollected Balance July 1, 2011	Current Tax Levy	Less Discounts and Adjustments	Interest on Delinquent Balances	Less Collections on Taxes	Uncollected Balance June 30, 2012
2011-12	\$ -	\$ 60,194,148	\$ (1,672,097)	\$ 52,924	\$ (55,892,323)	\$ 2,682,652
2010-11	2,651,937	-	(12,629)	138,442	(1,177,088)	1,600,662
2009-10	1,373,499	-	(6,747)	136,353	(442,080)	1,061,025
2008-09	636,590	-	(5,309)	181,877	(566,199)	246,959
2007-08	172,289	-	(3,617)	69,681	(192,210)	46,143
2006-07	40,800	-	(3,551)	10,186	(21,700)	25,735
2005-06	11,605	-	(2,612)	4,510	(9,521)	3,982
Prior Years	25,077	-	(865)	4,946	(6,887)	22,271
	<u>\$ 4,911,797</u>	<u>\$ 60,194,148</u>	<u>\$ (1,707,427)</u>	<u>\$ 598,919</u>	<u>\$ (58,308,008)</u>	<u>\$ 5,689,429</u>

Taxes Receivable Classified by Fund:

General Fund	\$ 346,784
4-H Extension	26,617
Adult Jail Facility Debt Service	100,546
Unsegregated tax and interest fund	5,215,482
	<u>\$ 5,689,429</u>

Source: County Treasurer

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133



Board of County Commissioners
Josephine County, Oregon

Compliance

We have audited Josephine 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 for the year ended June 30, 2012.

Internal Control Over Compliance

The 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. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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, 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 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 controls 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.

Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

This report is intended solely for the information and use of Josephine County Commissioners and management, 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.

Isler CPA

By: Paul R. Nielson
Paul Nielson, CPA, a member of the firm

Eugene, Oregon
December 28, 2012

JOSEPHINE COUNTY, OREGON
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Josephine County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Josephine County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements that Could Have A Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the County expresses an unqualified opinion.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as a major program were:

Secure Rural Schools and Community Self-Determination Act of 2000, CFDA #15.234
Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA # 10.557
Recovery Act of 2009 Assistance to Rural Law Enforcement to Combat Crime and Drugs
Competitive Grant Program– ARRA, CFDA #16.810
Recovery Act of 2009 Federal Transit Capital Investment Grants– ARRA, CFDA #20.500
Recovery Act of 2009 Energy Efficiency and Conservation Block Grant Program (EECBG), –
ARRA CFDA #81.128

8. The threshold for distinguishing between Type A and B programs was \$344,342.
9. The County was determined to be a low-risk auditee.

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

JOSEPHINE COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Grantor or Pass-Through Grantor and Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Interior: Bureau of Land Management: Secure Rural Schools and Community Self-Determination Act of 2000:			
Title I - Secure Payments	15.234	N/A	\$ 4,910,825
Title III - County Projects	15.234	N/A	586,041
Passed through Oregon Dept of Fish & Wildlife: Multistate Conservation Grant Program - Indian Mary Ramp	15.628	1364	(7,972)
Total U.S. Department of the Interior			5,488,894
U.S. Department of Agriculture: Forest Service: Forest Service Schools and Roads Cluster Direct Programs			
Secure Rural Schools and Community Self-Determination Act of 2000:			
Title I - Secure Payments	10.665	N/A	1,406,217
Title III - County Projects	10.665	N/A	115,806
Total Forest Service Schools and Roads Cluster			1,522,023
Direct Program			
Recovery Act of 2009: Wildland Fire Management - ARRA	10.688	09-FI-11060489-026	71,422
Passed through Oregon Dept of Human Services - Health Division & Oregon Health Authority:			
Women, Infants and Children	10.557	135565	532,089
WIC Grants to States (WGS)	10.578	135565	12,066
Child Nutrition Cluster			
Passed through Oregon Department of Education:			
School Breakfast Program	10.553	None	7,488
National School Lunch Program	10.555	None	15,888
Total Child Nutrition Cluster		None	23,376
Total U.S. Department of Agriculture			2,160,976
U.S. Department of Justice: JAG Program Cluster Direct Program			
Edward Byrne Memorial Justice Assist. Grant (JAG) / Grants to Units of Local Government - ARRA	16.804	2009-SB-B9-1401	4,907
Passed through Oregon Department of Justice:			
Edward Byrne Memorial Justice Assist. Grant (JAG) / Grant to States & Territories - ARRA	16.803	M5717-10JAG	15,248
Total JAG Program Cluster			20,155
Edward Byrne Memorial Competative Grant (SORT) - ARRA	16.808	2009-SC-B9-0113	138,978
Assist. to Rural Law Enforcement to Combat Crime & Drugs Grant - ARRA	16.810	2009-SD-B9-0166	140,846
Passed through Oregon Department of Justice:			
VOCA - Crime Victims Assistance	16.575	unavailable	51,126
Drug Control Descretionary Grant - Marijuana Eradication	16.580	unavailable	4,044
Drug Control Descretionary Grant - Drug Court Grant	16.585	DSC2011-03	6,989
Edward Byrne Memorial Justice Assistance Grant Program	16.738	RE017-07JAG / RE017-11JAG	53,140
Total U.S. Department of Justice			415,278
U.S. Office of Environmental Protection Agency: Passed through Oregon Health Authority:			
State Public Water System Supervision	66.432	128894/136946	37,532
Capitalization Grant for Drinking Water	66.468	136946	12,428
Total U.S. Office of Environmental Protection Agency			49,960
U.S. Department of Housing and Urban Development: Passed through Oregon Housing and Community Services:			
Community Services Block Grant	14.228	HR911	176,437
Total U.S. Department of Housing and Urban Development			176,437

JOSEPHINE COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Grantor or Pass-Through Grantor and Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed through Oregon Dept of Human Services - Health Division & Oregon Health Authority:			
Bioterrorism Preparedness and Response	93.069	135565	102,817
TB Control and AIDS	93.116	135565	876
Oral Disease & Disorders Research - Baby Smiles Study Klamath County	93.121	None	50,000
Family Planning Services	93.217	135565	12,180
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	134318	20,000
Immunization Grants	93.268	135565	714
National Bioterrorism Hospital Preparedness Program	93.889		484
HIV Prevention Project	93.940	135565	11,131
CMHS Block Grant for Community Mental Health	93.958	134318	97,810
Substance Abuse Prevention and Treatment (SAPT) Block Grant	93.959	127303 / 134318	637,702
Maternal and Child Health (MCH) Services Block Grant	93.994	135565	28,198
Passed through Oregon Department of Justice:			
Child Support Enforcement	93.563	07-GOV-DA-13	182,262
Passed through Oregon Commission on Children and Families:			
Promoting Safe and Stable Families	93.556	JOS1113	21,830
Foster Care / Title IV-E	93.658	JOS1113	2,909
Social Services Block Grant / Title XX	93.667	JOS1113	47,857
Passed through Health Care Coalition of Southern Oregon:			
Healthy Start Initiative - Eliminate Disparities in Perinatal Infant & Maternal Health	93.926	none	49,552
Total U.S. Department of Health and Human Services			1,266,322
U.S. Department of Transportation:			
Federal Aviation Administration - Airport Improvement Program	20.106	FA08NM-63/-60/-FA09NM-42/-FA10NM-52/24	720,847
Transit Services Program Cluster			
Passed through Oregon Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	26515 / 27687	110,950
New Freedom Program	20.521	27639 / 22870	58,368
Total Transit Services Program Cluster			169,318
Passed through Oregon Department of Transportation:			
Highway Planning and Construction	20.205	23831 / 25400	33,225
Federal Transit Capital Investment Grants	20.500	27483	354,663
Formula Grants for Other Than Urbanized Areas	20.509	27405	233,474
State and Community Highway Safety Program	20.600	None	5,000
Total U.S. Department of Transportation			1,516,527
U.S. Department of Homeland Security:			
Passed through Oregon Military Department Office of Emergency Management:			
Emergency Management Performance Grants (EMPG)	97.042	unavailable	16,999
Citizen Corps Program (CCP)	97.053	unavailable	15,643
State Homeland Security Program (SHSP)	97.073	unavailable	167,063
Total U.S. Department of Homeland Security			199,705
U.S. Department of Energy:			
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	DE-SC0002968	250,924
Total U.S. Department of Energy			250,924
Total Expenditures of Federal Awards			\$ 11,525,023

JOSEPHINE COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

A. Purpose of the Schedule

1. The accompanying schedule of expenditures of federal awards is a supplementary schedule to Josephine County, Oregon's (the "County") basic 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 does not present the financial position, changes in financial position, or the cash flow of the County.
2. Pass-through entity identifying numbers are presented where available.

B. Summary of Significant Accounting Policies

Reporting Entity

The reporting entity is fully described in Note 1.A. to the County's basic financial statements. The schedule includes all federal programs administered by the County for the fiscal year ended June 30, 2012.

Basis of Presentation

The information in the schedule is presented in accordance with *OMB Circular A-133*.

Federal Financial Assistance

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

Major Programs

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

Basis of Accounting

Receipts and expenditures are accounted for using the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when a liability is incurred.

C. Insurance Coverage

For the year ending June 30, 2012, the County had insurance in effect as recommended by their agent of record which was comparable in coverage to other counties of similar size and circumstance.

D. Non-cash Assistance

A total of \$2472. was received in non-cash assistance and is included in the federal awards expended.