

**For Year Ended June 30, 2012**



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O R E G O N

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

# **MARION COUNTY, OREGON**

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## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

Marion County Finance Department

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## INTRODUCTORY SECTION



# Marion County

## OREGON

### FINANCE DEPARTMENT

**BOARD OF COMMISSIONERS**

Sam Brentano  
Janet Carlson  
Patti Milne

**CHIEF ADMINISTRATIVE OFFICER**

John Lattimer

**CHIEF FINANCIAL OFFICER**

Jeff White

**Telephone:**  
(503) 589-3295

**Fax:**  
(503) 373-4379

December 10, 2012

To the Marion County Board of Commissioners  
and the Citizens of Marion County, Oregon

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) of Marion County, Oregon for the fiscal year ended June 30, 2012 in accordance with state requirements. Oregon law requires local governments to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) for the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants within six months of the close of each fiscal year.

This report consists of management's representations concerning the finances of Marion County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to provide sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The County has designed its internal controls to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement, recognizing the need to balance the cost of internal controls with their benefits. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the County's financial statements for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.





The independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

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

## **PROFILE OF THE GOVERNMENT**

Marion County, then called Champoick, was created in 1843 by the Provisional Government 16 years before Oregon gained statehood on February 14, 1859. In 1849 the name was changed to Marion honoring American Revolutionary General Francis Marion. The County is located in the heart of the Willamette Valley, and the Willamette River was established as its western boundary in 1856. Salem, the county seat and state capital, is one of the valley's oldest cities.

There are 20 incorporated cities and 37 unincorporated communities in Marion County, and the County's population is currently estimated at 320,550. The County's present boundary encompasses 1,194 square miles. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The County is governed by a three-member Board of Commissioners. The commissioners are elected to four-year staggered terms from the County at large, and a chair and vice chair are selected annually. Policy-making, legislative authority and quasi-judicial powers are vested in the Board of Commissioners, which is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the Chief Administrative Officer and the heads of various departments. The Chief Administrative Officer is responsible for carrying out the policies of the Board of Commissioners and overseeing the day-to-day operations of the County.

The County provides a full range of services including elections, property assessment and taxation, public and behavioral health, law enforcement, corrections, prosecution, justice courts, supervision of juvenile offenders, road and bridge maintenance and construction, emergency management, dog licensing and control, parks maintenance, solid waste disposal, and environmental services. Sewer and lighting services are provided through legally separate entities, which function, in essence, as part of Marion County and therefore are included as part of the County's financial statements. Additional information on these legally separate entities can be found in Note 1A of the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. The County adheres to Oregon Local Budget Law in the preparation, adoption and execution of the budget. To oversee the process, the Board of Commissioners has appointed the Chief Administrative Officer as the County's Budget Officer. County departments submit requests for appropriation to the Budget Officer in March or April each year. The Budget Officer uses these requests as the starting point for developing a proposed budget. The Budget Officer then presents this proposed budget to the County's Budget Committee for review in May or early June. After approval by the Budget Committee, the Board of Commissioners is required to hold a public hearing on the approved budget and adopt a final budget by no later than June 30, the

close of the preceding fiscal year. The appropriated budget is prepared by fund and category or by fund and department. Department heads may make transfers of appropriations between line items within a fund and category; however, transfers of appropriations between categories require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the financial environment within which the County operates.

**Local Economy** – Marion County is the largest producer of agriculture among Oregon's 36 counties. Marion County's economy is also based on government and education. In addition to the state capitol, 38 state agencies are located in Marion County, providing employment to approximately 19,000 employees. Marion County and the City of Salem each employ about 1,400 workers and the County's ten public school districts employ about 6,200 workers. As of September 2012, the seasonally adjusted unemployment rate in Marion County was 9.5 percent, a decrease from 10.2 percent last year, but still higher than the state average of 8.7 percent and the national average of 7.8 percent.

**Long-Term Financial Planning** – The County heads into fiscal year 2013 with an acceptable financial position and a low ratio of outstanding debt to the real market value of taxable property within the County. Major long-term concerns for the County include the prolonged economic recession, decelerating property tax revenues, reductions in federal and state funding, rising employee benefit costs, and pressing capital needs.

**Relevant Financial Policies** – The County has established, by policy, minimum requirements for budgeting ending fund balance in the General Fund. Maintaining a minimum balance requirement for the General Fund helps ensure that the County has adequate resources for operations at the beginning of the following fiscal year until property taxes (a major funding source) are received.

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, corporate bonds, and the State's local government investment pool. Investments of the County and other entrusted funds are made under the restrictions of Oregon law, and in accordance with the County's Investment Policy.

The County budgets for its risk management activities in an internal service fund. Risk management is predicated on an actuarial study, which is assigned a probability of loss related to workers' compensation, automobile and general liability. Third-party coverage is currently maintained for workers' compensation claims in excess of \$600,000 and liability claims in excess of \$1,000,000. Additional information on the County's risk management activity can be found in Note 7 of the notes to the financial statements.

**Major Initiatives** – The County's long-term strategic priorities center on the following areas: 1) operational efficiency and quality service, 2) growth and infrastructure, 3) public safety, 4) economic development, 5) transportation, 6) health and community services, and 7) emergency management. In an effort to provide better information for decision-making, county departments have established key indicators that relate to the County's strategic priorities. These key indicators are used to help forecast trends and determine program and budget needs.

The Courthouse Square complex, an office building and transit center jointly owned by Marion County and the Salem Area Mass Transit District, was closed in September 2010 due to the need for major structural repairs. In September 2012, the County and the Transit District approved a contract for remediation of the Courthouse Square complex; repairs are expected to be complete in fiscal 2014.

Other current initiatives include: upgrading the County's assessment and taxation software, upgrading the County's financial management system, establishing integrated management processes for central services, and long-term planning for the County's facility needs.

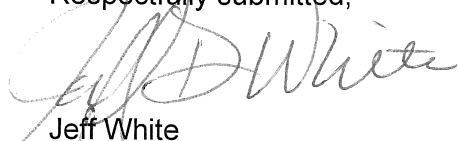
## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Marion County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the eleventh consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


In addition, the County also received the GFOA Award for Distinguished Budget Presentation for its budget document for the fiscal year beginning July 1, 2011. To qualify for the award, the budget document must be judged to be proficient in several categories as a policy document, financial plan, operations guide, and communication device. We believe that next year's budget document will also meet the award requirements and we have submitted it to the GFOA for evaluation.

We would like to express our appreciation to all members of the Finance Department and other County personnel who assisted and contributed to the preparation of this report. Credit must also be given to the County's Board of Commissioners, elected officials, Chief Administrative Officer and appointed department heads for maintaining the highest standards of accountability in the management of the County's finances.

Respectfully submitted,



Jeff White  
Chief Financial Officer



Cynthia A. Granatir  
Chief Accountant

MARION COUNTY, OREGON  
Principal Officials  
June 30, 2012

***Board of Commissioners***

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Patricia Milne	Chair
Janet Carlson	Vice Chair
Samuel Brentano	Commissioner

P.O. Box 14500  
Salem, Oregon 97309-5036

***Other Elected Officials***

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Shawn Beaton	Interim Assessor
Bill Burgess	County Clerk
Walt Beglau	District Attorney
Steven Summers	Justice of the Peace – East Marion
Janice Zyryanoff	Justice of the Peace – North Marion
Jason Myers	Sheriff
Laurie Steele	Treasurer

***Chief Administrative Officer***

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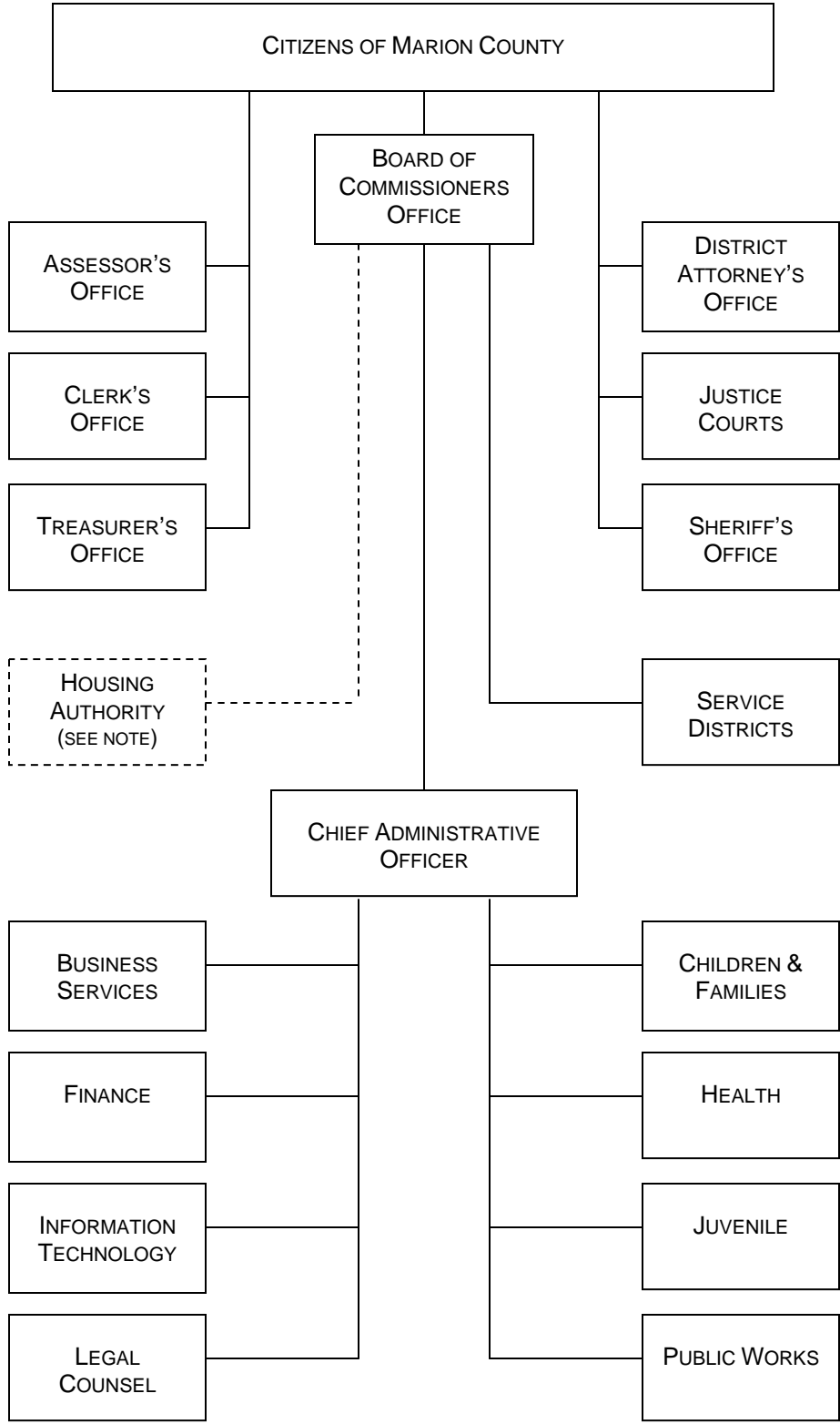
John Lattimer

***Legal Counsel***

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Gloria Roy

MARION COUNTY, OREGON  
Organization Chart  
June 30, 2012



Note: The Marion County Housing Authority is reported in separate financial statements.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Marion 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.



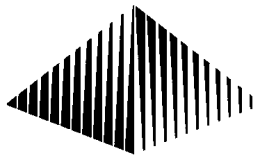
*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

## FINANCIAL SECTION



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Board of Commissioners  
Marion County, Oregon  
Salem, 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 Marion County, Oregon 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 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 Marion County, Oregon as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012 on our consideration of the County's internal control over financial reporting and 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.

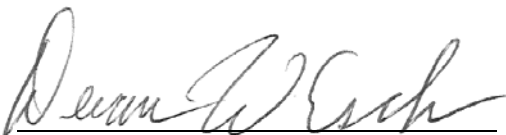
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 3 through 10, the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and major special revenue funds (pages 42 through 45), and the schedule of funding progress for other post-employment benefits (page 46) 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 funding progress for other post-employment benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The schedules of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and major special revenue funds (pages 42 through 45) 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. The 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's financial statements as a whole. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Devan W. Esch, A Shareholder

December 10, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the end of the current fiscal year by \$258,719,160 (*net assets*). Of this amount, \$182,567,635 reflects the County's investment in capital assets, net of related debt, and \$19,722,038 represents resources that are subject to external restrictions. The remaining net assets are unrestricted and may be used to meet the County's ongoing service requirements for governmental and business-type activities, in the amounts of \$44,192,973 and \$12,236,514, respectively.
- The County's financial position declined over the current fiscal year due to a decrease in total net assets of \$10,780,134. This decrease is primarily attributable to depreciation outpacing the County's investment in capital assets. In addition, the County recognized a \$4,400,068 loss on impairment of capital assets for structural deficiencies uncovered in the Courthouse Square office building.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$64,361,581, an increase of \$6,372,915 from the prior year. Of this amount, \$1,048,524 is nonspendable, and \$15,106,572 is subject to external restrictions. The remaining amount of \$48,206,485 is unrestricted and available to support the County's various governmental programs and operations.
- At the end of the current fiscal year, the unassigned fund balance for the General Operating Fund was \$7,545,764, equal to 12 percent of total General Operating Fund expenditures.
- The County's total debt decreased by 3 percent (\$1,987,649) during the current fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or declining.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user

fees and charges (*business-type activities*). The governmental activities of the County include general government, health and social services, public safety and judicial, community service, transportation, and pass-through support for education. The business-type activities of the County include environmental services, and sewer and lighting services. Sewer and lighting services are provided through legally separate entities which function, in essence, as part of Marion County and therefore have been included as part of the primary government.

The government-wide financial statements can be found on pages 11-12 of this report.

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County reports thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Operating Fund, Public Works Fund, Health Fund, and Lottery Distribution Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a 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.

The County adopts an annual appropriated budget for each of its governmental funds, with one exception. The County budgets and maintains six individual funds that are combined and reported as the General Operating Fund in the fund financial statements. Individual fund data for each of these budgetary funds is provided in the form of *combining statements* elsewhere in this report. Budgetary comparison schedules have been provided for each fund to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 13-15 of this report.

**Proprietary funds** – Marion County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its environmental services, and sewer and lighting operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central administration, risk management and fleet management activities. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for the Environmental Services Fund, which is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation; individual fund data for each of these non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the internal service funds is also provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for each of its proprietary funds, except the Illahe Hills Street Lighting District. Budgetary comparison schedules have been provided for each fund to demonstrate budgetary compliance.

The basic proprietary fund financial statements can be found on pages 16-19 of this report.

**Fiduciary funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds, similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-41 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* consisting of 1) budgetary comparison schedules for the General Fund, Public Works Fund, Health Fund and Lottery Distribution Fund, and 2) a schedule of funding progress for other post-employment benefits. Required supplementary information can be found on pages 42-46 of this report.

The combining statements referred to earlier in connection with the General Operating Fund, nonmajor governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 47-99 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets** – As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Marion County, assets exceeded liabilities by \$258,719,160 at the end of fiscal year 2012.

By far the largest portion of the County's net assets (70 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (22 percent) may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net assets decreased by \$10,780,134 during fiscal year 2012. This decrease is primarily attributable to depreciation outpacing the County's investment in capital assets in the current year. In addition, the County recognized a \$4,400,068 loss on impairment of capital assets for structural deficiencies uncovered in the Courthouse Square office building.

### Marion County's Net Assets (thousands)

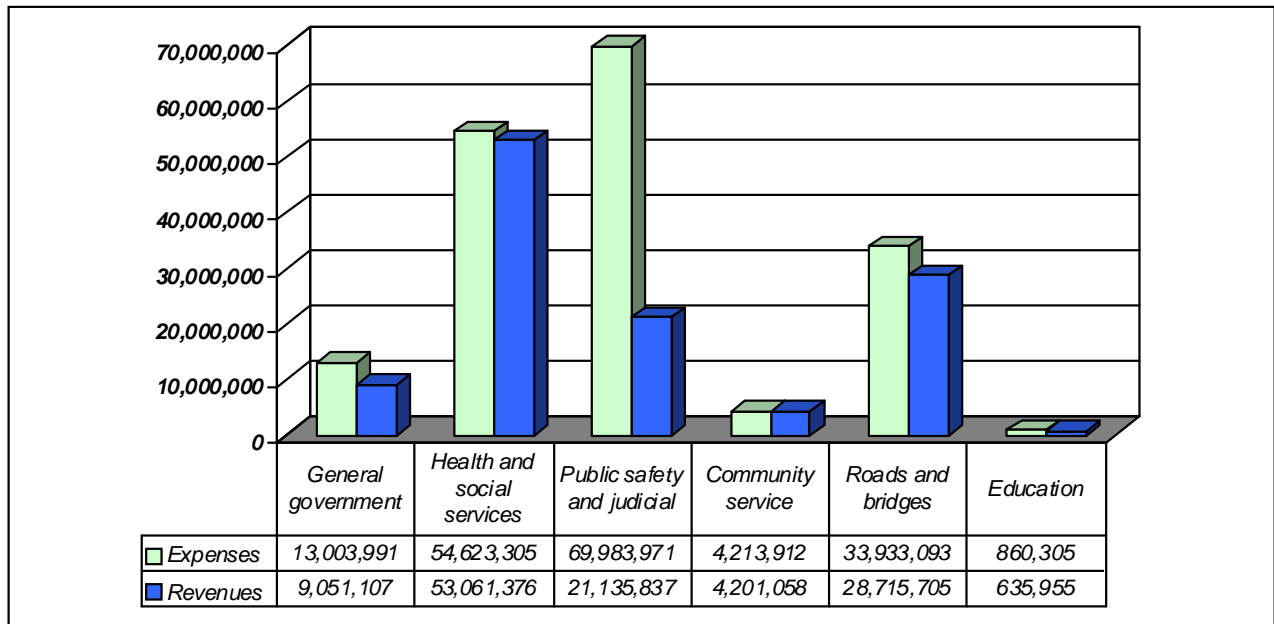
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 139,214	\$ 132,000	\$ 21,637	\$ 25,890	\$ 160,851	\$ 157,890
Capital assets	186,353	197,185	10,631	11,620	196,984	208,805
Total assets	325,567	329,185	32,268	37,510	357,835	366,695
Long-term liabilities outstanding	77,905	75,928	7,830	7,716	85,735	83,644
Other liabilities	11,049	10,778	2,332	2,774	13,381	13,552
Total liabilities	88,954	86,706	10,162	10,490	99,116	97,196
Net assets:						
Invested in capital assets, net of related debt	172,698	182,595	9,870	10,796	182,568	193,391
Restricted	19,722	18,628	-	-	19,722	18,628
Unrestricted	44,193	41,256	12,236	16,224	56,429	57,480
Total net assets	\$ 236,613	\$ 242,479	\$ 22,106	\$ 27,020	\$ 258,719	\$ 269,499

### Marion County's Changes in Net Assets (thousands)

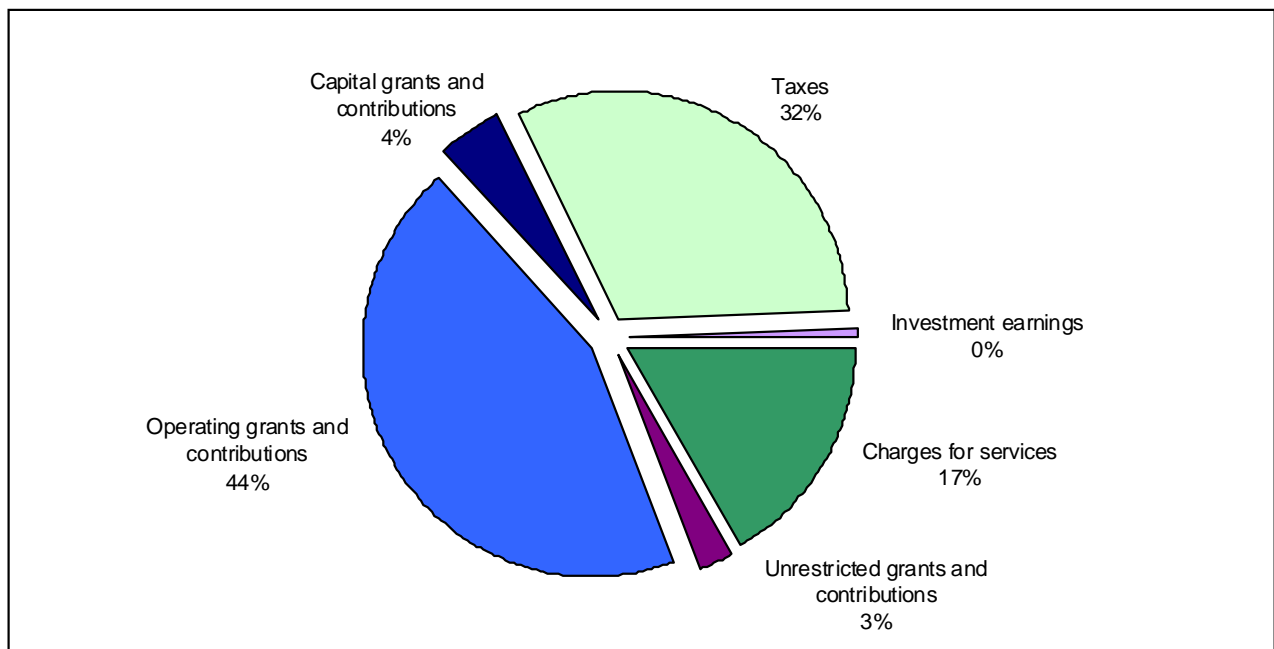
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 29,600	\$ 30,240	\$ 16,419	\$ 15,694	\$ 46,019	\$ 45,934
Operating grants and contributions	79,246	81,692	-	-	79,246	81,692
Capital grants and contributions	7,955	3,783	-	-	7,955	3,783
General revenues:						
Property taxes	56,410	55,329	248	247	56,658	55,576
Other taxes	258	300	-	-	258	300
Unrestricted grants and contributions	4,519	5,297	-	-	4,519	5,297
Unrestricted investment earnings	752	751	119	146	871	897
Total revenues	178,740	177,392	16,786	16,087	195,526	193,479
Expenses:						
General government	13,004	12,808	-	-	13,004	12,808
Health and social services	54,623	58,343	-	-	54,623	58,343
Public safety and judicial	69,984	69,369	-	-	69,984	69,369
Community service	4,214	4,554	-	-	4,214	4,554
Roads and bridges	33,933	34,210	-	-	33,933	34,210
Education	860	1,014	-	-	860	1,014
Interest on long-term debt	3,626	3,564	-	-	3,626	3,564
Environmental services	-	-	20,655	19,361	20,655	19,361
Sewer and lighting services	-	-	1,007	1,034	1,007	1,034
Total expenses	180,244	183,862	21,662	20,395	201,906	204,257
Change in net assets before extraordinary item and transfers	(1,504)	(6,470)	(4,876)	(4,308)	(6,380)	(10,778)
Extraordinary item - loss on capital asset impairment	(4,400)	(4,603)	-	-	(4,400)	(4,603)
Transfers	38	35	(38)	(35)	-	-
Change in net assets	(5,866)	(11,038)	(4,914)	(4,343)	(10,780)	(15,381)
Net assets - beginning of year	242,479	253,517	27,020	31,363	269,499	284,880
Net assets - end of year	\$ 236,613	\$ 242,479	\$ 22,106	\$ 27,020	\$ 258,719	\$ 269,499

**Governmental Activities** – Governmental activities decreased the County's net assets by \$5,865,881. The primary cause of this decrease was depreciation expense, which exceeded capital outlay in the current year by \$10,871,783.

#### Expenses and Program Revenues – Governmental Activities



#### Revenues by Source – Governmental Activities



**Business-type Activities** – Business-type activities decreased the County's net assets by \$4,914,253. This is primarily due to the re-assignment of electricity revenues from the Environmental Services Fund to the General Operating Fund for remediation of the Courthouse Square complex.

The County's business-type activities include environmental services, and sewer and lighting services. In the current fiscal year, expenses for environmental services were \$20,655,355 with program revenues of \$15,811,488. For sewer and lighting services, expenses were \$1,006,476, and program revenues were \$607,512.

Charges for services are the primary source of revenue for business-type activities, comprising 98% of total revenues for fiscal 2012. Other sources of revenue include taxes and investment earnings.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental Funds** – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government'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 ending fund balances of \$64,361,581, an increase of 11 percent in comparison with the prior year. \$1,048,524 (2%) of this amount is nonspendable in the form of inventory and prepaid expenses. \$15,106,572 (23%) is subject to restrictions imposed by creditors, grantors, contributors, laws or regulations. \$48,206,485 (75%) constitutes unrestricted fund balance and is available to support the County's programs in general government, health and social services, public safety and judicial, community service, public works, and pass-through funding for education.

The General Operating Fund is the chief operating fund of the County. At the end of the current fiscal year, the General Operating Fund has a total fund balance of \$13,859,765, of which \$19,284 is nonspendable for inventories and prepaid items, \$3,343,238 is committed or assigned for general government, \$2,012,690 is restricted or committed for health and social services, \$938,789 is assigned for public safety and judicial, and \$7,545,764 is unassigned. The \$5,210,055 net decrease in fund balance during the current year was due to a \$6,534,564 transfer to the Courthouse Square Remediation fund. As a measure of the General Operating Fund's liquidity, it may be useful to note that unassigned fund balance represents 10 percent of revenues and 12 percent of expenditures for fiscal 2012.

The Public Works Fund has a total fund balance of \$18,170,390, of which \$973,338 is nonspendable, and \$17,197,052 is unrestricted. The \$2,026,822 net increase in fund balance during the current year was due to road maintenance and construction projects that were started later than planned.

The Health Fund has a total fund balance of \$13,943,183, of which \$22,260 is nonspendable, \$8,331,829 is restricted, and \$5,589,094 is unrestricted. Fund balance increased \$3,773,165 during the current year because the cost of providing capitated services was lower than anticipated.

The Lottery Distribution Fund has a total fund balance of \$721,590, all of which is restricted. Fund balance increased \$464,382 during the current year due to video lottery revenues that were higher than projected.

**Proprietary Funds** – The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the fiscal year amounted to \$11,264,164 for Environmental Services. Net assets for Environmental Services decreased by \$4,706,104 primarily due to the re-assignment of electricity revenues to the General Operating Fund for remediation of the Courthouse Square complex.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Total appropriations in the General Fund's final amended budget were \$600,926 higher than the original adopted budget (includes expenditures and transfers out); significant changes included a \$457,985 reduction for the Sheriff's Office due to state funding cuts, and \$1,081,918 increase for transfers to other funds for capital projects. Property taxes revenues were somewhat higher than budgeted as collections on delinquent accounts exceeded expectations. Justice court fees were also higher than budgeted because the impact of legislative changes was less than anticipated. Actual expenditures were significantly lower than final amended budget for the Sheriff's Office, primarily due to personnel vacancies at the jail, work center, and court security.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – The County's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$196,984,464 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, landfills, buildings and improvements, equipment, and infrastructure. The total decrease in the County's investment in capital assets for the current fiscal year was 6 percent (a 5 percent decrease for governmental activities and a 9 percent decrease for business-type activities).

Major capital projects during the current fiscal year included replacement of the Buena Vista ferry and related ramp improvements, road and bridge construction projects, and facility renovations. Construction in progress at the end of the year was approximately \$695,000 for an upgrade to the County's assessment and taxation system, and \$712,000 for various other projects.

**Marion County's Capital Assets (thousands)**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,889	\$ 11,973	\$ 3,035	\$ 3,035	\$ 14,924	\$ 15,008
Construction in progress	1,407	9,595	-	642	1,407	10,237
Landfills	-	-	720	1,122	720	1,122
Buildings and improvements	63,499	62,092	5,167	5,586	68,666	67,678
Equipment	10,586	7,697	1,709	1,235	12,295	8,932
Infrastructure	98,972	105,828	-	-	98,972	105,828
Total	\$ 186,353	\$ 197,185	\$ 10,631	\$ 11,620	\$ 196,984	\$ 208,805

Additional information on the County's capital assets can be found in Note 5 on pages 28-29 of this report.

**Long-Term Debt** – At the end of the current fiscal year, the County had total debt outstanding of \$57,851,063, a decrease of 3 percent from the previous fiscal year. This amount includes \$2,651,109 in revenue bonds (Oregon Garden), \$13,655,469 in refunding bonds (Courthouse Square), \$40,783,125 in limited tax pension obligations (PERS) and \$761,360 in notes payable (service districts).



The County received an AA- rating from Standard & Poor's for its issuance of refunding bonds in fiscal year 2005. The County currently has no outstanding general obligation bonds.

State statutes limit the amount of bonded debt a county may issue to a percentage of the real market value of the County's taxable property; the limit is 2 percent for general obligation bonds and 1 percent for limited tax obligations. Based on the County's real market value for fiscal year 2012, the current limitation is \$668 million for general obligation bonds and \$278 million for limited tax obligations. As of June 30, 2012, the County's total outstanding debt represents 0.17 percent of real market value.

#### **Marion County's Outstanding Debt (thousands)**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ 2,651	\$ 3,062	\$ -	\$ -	\$ 2,651	\$ 3,062
Refunding bonds	13,656	14,590	-	-	13,656	14,590
Limited tax pension obligations	40,783	41,363	-	-	40,783	41,363
Notes payable	-	-	761	824	761	824
Total	\$ 57,090	\$ 59,015	\$ 761	\$ 824	\$ 57,851	\$ 59,839

Additional information on the County's long-term debt can be found in Note 6 on pages 30-34 of this report.

**SEC Annual Disclosure Requirements** – In order to meet the requirements of SEC Rule 15c2-12, the County must provide annual updates of certain financial information to state and national repositories. All of the information needed to meet the requirement for this fiscal year is provided in this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Total assessed value of taxable property in Marion County is expected to increase by an estimated 0.82 percent.
- The unemployment rate in Marion County is currently 9.5 percent, a decrease from the rate of 10.2 percent a year ago. The County's unemployment rate is higher than the state average of 8.7 percent and the national average of 7.8 percent.
- For the six months ending September 2012, the University of Oregon Index of Economic Indicators rose 0.6 percent; comparable national indices showed an increase of 0.2 percent.
- As of December 2012, forecasted revenues for the State of Oregon's general fund in the 2011-2013 biennium were \$71 million lower than previously forecasted at the close of the legislative session.

All of these factors were considered in preparing the County's budget for fiscal year 2013.

During the current fiscal year, fund balance in the General Operating Fund decreased from \$19,069,820 to \$13,859,765. The County has appropriated \$5,212,323 of this amount for spending in the fiscal year 2013 budget.

#### **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 the Marion County Finance Department, PO Box 14500, Salem, OR 97309, or [FinancialServices@co.marion.or.us](mailto:FinancialServices@co.marion.or.us).

## BASIC FINANCIAL STATEMENTS

## MARION COUNTY, OREGON

## STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 79,047,516	\$ 19,275,637	\$ 98,323,153
Receivables	18,525,726	2,164,906	20,690,632
Internal balances	(196,461)	196,461	-
Inventories and prepaid expenses	1,098,524	-	1,098,524
Debt issuance costs	558,375	-	558,375
Prepaid pension obligation	40,180,335	-	40,180,335
Capital assets not being depreciated:			
Land	11,888,914	3,034,916	14,923,830
Construction in progress	1,407,021	-	1,407,021
Capital assets being depreciated:			
Landfills	-	6,430,703	6,430,703
Buildings and improvements	90,695,318	13,761,665	104,456,983
Equipment	26,807,947	2,771,311	29,579,258
Infrastructure	556,280,106	-	556,280,106
Less accumulated depreciation	(500,725,716)	(15,367,721)	(516,093,437)
 Total assets	 325,567,605	 32,267,878	 357,835,483
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	10,781,212	2,309,719	13,090,931
Accrued interest payable	268,240	22,750	290,990
Noncurrent liabilities:			
Due within one year	7,667,046	145,767	7,812,813
Due in more than one year	70,237,975	7,683,614	77,921,589
 Total liabilities	 88,954,473	 10,161,850	 99,116,323
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	172,698,121	9,869,514	182,567,635
Restricted for:			
General government	258,454	-	258,454
Health and social services	10,748,866	-	10,748,866
Public safety and judicial	1,516,870	-	1,516,870
Community service	5,804,523	-	5,804,523
Roads and bridges	1,279,420	-	1,279,420
Education	24,536	-	24,536
Capital projects	89,369	-	89,369
Unrestricted	44,192,973	12,236,514	56,429,487
 Total net assets	 \$ 236,613,132	 \$ 22,106,028	 \$ 258,719,160

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

## MARION COUNTY, OREGON

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 13,003,991	\$ 8,891,006	\$ -	\$ 160,101	\$ (3,952,884)	\$ -	\$ (3,952,884)
Health and social services	54,623,305	6,872,696	46,166,635	22,045	(1,561,929)	-	(1,561,929)
Public safety and judicial	69,983,971	7,360,065	13,704,946	70,826	(48,848,134)	-	(48,848,134)
Community service	4,213,912	2,152,406	2,034,157	14,495	(12,854)	-	(12,854)
Roads and bridges	33,933,093	4,321,393	16,706,352	7,687,960	(5,217,388)	-	(5,217,388)
Education	860,305	2,574	633,381	-	(224,350)	-	(224,350)
Interest on long-term debt	3,625,748	-	-	-	(3,625,748)	-	(3,625,748)
Total governmental activities	180,244,325	29,600,140	79,245,471	7,955,427	(63,443,287)	-	(63,443,287)
Business-type activities:							
Environmental services	20,655,355	15,811,488	-	-	-	(4,843,867)	(4,843,867)
Sewer and lighting services	1,006,476	607,512	-	-	-	(398,964)	(398,964)
Total business-type activities	21,661,831	16,419,000	-	-	-	(5,242,831)	(5,242,831)
Total	\$ 201,906,156	\$ 46,019,140	\$ 79,245,471	\$ 7,955,427	(63,443,287)	(5,242,831)	(68,686,118)
General revenues:							
Property taxes					56,410,115	248,113	56,658,228
Franchise taxes					258,296	-	258,296
Unrestricted grants and contributions					4,519,082	-	4,519,082
Unrestricted investment earnings					752,181	118,265	870,446
Extraordinary item - loss on capital asset impairment					(4,400,068)	-	(4,400,068)
Transfers					37,800	(37,800)	-
Total general revenues, extraordinary items and transfers					57,577,406	328,578	57,905,984
Change in net assets					(5,865,881)	(4,914,253)	(10,780,134)
Net assets - beginning					242,479,013	27,020,281	269,499,294
Net assets - ending					\$ 236,613,132	\$ 22,106,028	\$ 258,719,160

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

## MARION COUNTY, OREGON

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2012

	General Operating Fund	Public Works Fund	Health Fund	Lottery Distribution Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 14,993,972	\$ 17,267,318	\$ 14,282,073	\$ 719,002	\$ 18,207,389	\$ 65,469,754
Receivables	6,022,686	1,821,472	1,710,290	4,153,111	2,105,485	15,813,044
Inventories and prepaids	19,284	973,338	22,260	-	33,642	1,048,524
Total assets	<u>\$ 21,035,942</u>	<u>\$ 20,062,128</u>	<u>\$ 16,014,623</u>	<u>\$ 4,872,113</u>	<u>\$ 20,346,516</u>	<u>\$ 82,331,322</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 530,682	\$ 555,621	\$ 606,908	\$ -	\$ 1,591,999	\$ 3,285,210
Payroll related liabilities	2,199,211	531,632	1,231,032	-	813,415	4,775,290
Deposits	73,008	706,931	-	-	45,710	825,649
Due to other funds	560,000	94,850	-	-	-	654,850
Deferred revenue	3,813,276	2,704	233,500	4,150,523	228,739	8,428,742
Total liabilities	<u>7,176,177</u>	<u>1,891,738</u>	<u>2,071,440</u>	<u>4,150,523</u>	<u>2,679,863</u>	<u>17,969,741</u>
Fund balances:						
Nonspendable	19,284	973,338	22,260	-	33,642	1,048,524
Restricted	2,000,000	-	8,331,829	721,590	4,053,153	15,106,572
Committed	2,193,729	2,742,450	-	-	2,080,948	7,017,127
Assigned	2,100,988	14,454,602	5,589,094	-	11,498,910	33,643,594
Unassigned	7,545,764	-	-	-	-	7,545,764
Total fund balances	<u>13,859,765</u>	<u>18,170,390</u>	<u>13,943,183</u>	<u>721,590</u>	<u>17,666,653</u>	<u>64,361,581</u>
Total liabilities and fund balances	<u>\$ 21,035,942</u>	<u>\$ 20,062,128</u>	<u>\$ 16,014,623</u>	<u>\$ 4,872,113</u>	<u>\$ 20,346,516</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	186,353,590
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	11,079,851
Internal service funds assets and liabilities are included in governmental activities in the statement of net assets	5,190,405
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	57,089,703
Prepaid pension obligation	(40,180,335)
Deferred charges for issuance costs	(558,375)
Accrued interest payable	268,240
Compensated absences	3,463,252
Net OPEB obligation	10,289,810
	<u>(30,372,295)</u>

Net assets of governmental activities \$ 236,613,132

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

## MARION COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the year ended June 30, 2012

	General Operating Fund	Public Works Fund	Health Fund	Lottery Distribution Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 56,931,645	\$ -	\$ -	\$ -	\$ -	\$ 56,931,645
Licenses and permits	59,025	175,141	-	-	2,025,743	2,259,909
Intergovernmental	4,807,370	19,719,729	42,983,616	1,464,136	18,084,717	87,059,568
Charges for services	9,052,747	3,694,506	6,501,417	-	7,309,286	26,557,956
Fines and forfeitures	1,936,832	445	-	-	930,412	2,867,689
Interest	490,459	77,969	62,881	2,575	77,955	711,839
Other	18,292	4,637	101,999	146,329	259,923	531,180
Total revenues	<u>73,296,370</u>	<u>23,672,427</u>	<u>49,649,913</u>	<u>1,613,040</u>	<u>28,688,036</u>	<u>176,919,786</u>
Expenditures:						
Current:						
General government	11,965,674	-	-	-	284,218	12,249,892
Health and social services	-	-	50,323,617	-	3,795,203	54,118,820
Public safety and judicial	51,717,006	-	-	-	16,743,348	68,460,354
Community service	-	-	-	272,594	3,784,676	4,057,270
Roads and bridges	-	18,659,675	-	-	551,263	19,210,938
Education	-	-	-	-	860,305	860,305
Debt service:	-	-	-	-	-	-
Principal	-	-	-	410,953	1,805,000	2,215,953
Interest	14,130	184	-	141,111	3,141,596	3,297,021
Capital outlay	45,265	3,027,546	22,045	-	2,366,238	5,461,094
Total expenditures	<u>63,742,075</u>	<u>21,687,405</u>	<u>50,345,662</u>	<u>824,658</u>	<u>33,331,847</u>	<u>169,931,647</u>
Excess (deficiency) of revenues over expenditures	<u>9,554,295</u>	<u>1,985,022</u>	<u>(695,749)</u>	<u>788,382</u>	<u>(4,643,811)</u>	<u>6,988,139</u>
Other financing sources (uses):						
Transfers in	3,734,946	41,800	4,483,866	-	14,508,169	22,768,781
Transfers out	(18,499,296)	-	(14,952)	(324,000)	(4,545,757)	(23,384,005)
Total other financing sources (uses)	<u>(14,764,350)</u>	<u>41,800</u>	<u>4,468,914</u>	<u>(324,000)</u>	<u>9,962,412</u>	<u>(615,224)</u>
Net change in fund balances	(5,210,055)	2,026,822	3,773,165	464,382	5,318,601	6,372,915
Fund balances - beginning	<u>19,069,820</u>	<u>16,143,568</u>	<u>10,170,018</u>	<u>257,208</u>	<u>12,348,052</u>	<u>57,988,666</u>
Fund balances - ending	<u>\$ 13,859,765</u>	<u>\$ 18,170,390</u>	<u>\$ 13,943,183</u>	<u>\$ 721,590</u>	<u>\$ 17,666,653</u>	<u>\$ 64,361,581</u>

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

## MARION COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances - total governmental funds (page 14)		\$	6,372,915
Governmental funds report capital outlays 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 depreciation exceeded capital outlay during the year.			
Capital outlay	\$	6,332,968	
Depreciation expense		<u>(17,204,751)</u>	(10,871,783)
Governmental funds do not report donations of capital assets that will be used in operations. However, in the statement of activities, the estimated value of the donated assets is reported as a capital contribution.			4,660,412
In the statement of activities, only the gain or loss on disposal of capital assets is reported. However, in the governmental funds, proceeds from disposal of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of disposed capital assets.			(4,619,724)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of long-term debt principal consumes current financial resources of governmental funds. However, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.			
Long-term debt principal repaid		1,805,000	
Amortization of premium on issuance of refunding bonds		74,264	
Amortization of deferred interest bonds		(365,380)	
Amortization of prepaid pension obligation		(571,073)	
Amortization of debt issuance costs		<u>(37,712)</u>	905,099
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the effect of the change in the deferral of these amounts during the year.			
Property taxes		(263,234)	
Loans and assessments		<u>544,216</u>	280,982
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the effect of the change in these liabilities during the year.			
Interest payable		5,319	
Compensated absences		6,765	
Net OPEB obligation		<u>(2,380,907)</u>	(2,368,823)
Adjustment to reflect the consolidation of internal service fund activities related to governmental activities.			<u>(224,959)</u>
Change in net assets of governmental activities (page 12)		\$	<u><u>(5,865,881)</u></u>

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

## MARION COUNTY, OREGON

STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS

June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Environmental Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 17,950,771	\$ 1,324,866	\$ 19,275,637	\$ 13,577,762
Receivables	1,901,063	263,843	2,164,906	61,573
Due from other funds	660,733	-	660,733	-
Prepaid expenses	-	-	-	50,000
Total current assets	<u>20,512,567</u>	<u>1,588,709</u>	<u>22,101,276</u>	<u>13,689,335</u>
Capital assets:				
Land	2,807,567	227,349	3,034,916	-
Construction in progress	-	-	-	-
Landfills	6,430,703	-	6,430,703	-
Buildings and improvements	3,427,046	10,334,619	13,761,665	-
Equipment	2,757,852	13,459	2,771,311	-
Less accumulated depreciation	<u>(7,720,114)</u>	<u>(7,647,607)</u>	<u>(15,367,721)</u>	-
Total capital assets	<u>7,703,054</u>	<u>2,927,820</u>	<u>10,630,874</u>	-
Total assets	<u>28,215,621</u>	<u>4,516,529</u>	<u>32,732,150</u>	<u>13,689,335</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,052,617	129,337	2,181,954	1,136,715
Payroll related liabilities	127,765	-	127,765	758,348
Due to other funds	-	-	-	5,883
Accrued interest	-	22,750	22,750	-
Compensated absences, current	79,608	-	79,608	516,227
Accrued claims liability, current	-	-	-	1,446,254
Notes payable, current	-	66,159	66,159	-
Total current liabilities	<u>2,259,990</u>	<u>218,246</u>	<u>2,478,236</u>	<u>3,863,427</u>
Noncurrent liabilities, net of current portion:				
Compensated absences	43,477	-	43,477	145,169
Net OPEB obligation	305,518	-	305,518	1,407,860
Landfill closure and postclosure liability	6,639,418	-	6,639,418	-
Accrued claims liability	-	-	-	3,546,746
Notes payable	-	695,201	695,201	-
Total noncurrent liabilities	<u>6,988,413</u>	<u>695,201</u>	<u>7,683,614</u>	<u>5,099,775</u>
Total liabilities	<u>9,248,403</u>	<u>913,447</u>	<u>10,161,850</u>	<u>8,963,202</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,703,054	2,166,460	9,869,514	-
Unrestricted	<u>11,264,164</u>	<u>1,436,622</u>	<u>12,700,786</u>	<u>4,726,133</u>
Total net assets	<u>\$ 18,967,218</u>	<u>\$ 3,603,082</u>	<u>22,570,300</u>	<u>\$ 4,726,133</u>
Adjustment to reflect consolidation of internal service fund activities			<u>(464,272)</u>	
Net assets of business-type activities			<u>\$ 22,106,028</u>	

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



## MARION COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

For the year ended June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Environmental Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ 15,514,329	\$ 607,512	\$ 16,121,841	\$ 43,787,691
Other	7,440	-	7,440	56,763
Total operating revenues	15,521,769	607,512	16,129,281	43,844,454
Operating expenses:				
Salaries and wages	2,627,867	-	2,627,867	15,261,332
Repairs and maintenance	388,175	200,386	588,561	1,505,127
Utilities	39,972	251,894	291,866	34,590
Building and equipment rentals	92,126	1,281	93,407	534,105
Professional services	14,591,723	185,579	14,777,302	710,624
Communication	57,703	1,268	58,971	263,368
Fuel and operating supplies	342,324	17,127	359,451	1,588,206
Insurance claims and premiums	1,055	12,475	13,530	23,202,118
Administrative expenses	1,084,744	-	1,084,744	1,517,545
Depreciation	758,873	289,832	1,048,705	-
Other	582,037	4,707	586,744	209,340
Total operating expenses	20,566,599	964,549	21,531,148	44,826,355
Operating income (loss)	(5,044,830)	(357,037)	(5,401,867)	(981,901)
Nonoperating revenues (expenses):				
Property taxes	-	248,113	248,113	-
Franchise taxes	289,719	-	289,719	-
Interest revenue	111,867	6,398	118,265	40,342
Interest expense	-	(41,927)	(41,927)	(120)
Gain (loss) on sale of assets	(25,060)	-	(25,060)	-
Total nonoperating revenues (expenses)	376,526	212,584	589,110	40,222
Income (loss) before contributions and transfers	(4,668,304)	(144,453)	(4,812,757)	(941,679)
Transfers in	-	-	-	653,024
Transfers out	(37,800)	-	(37,800)	-
Change in net assets	(4,706,104)	(144,453)	(4,850,557)	(288,655)
Net assets - beginning	23,673,322	3,747,535		5,014,788
Net assets - ending	\$ 18,967,218	\$ 3,603,082		\$ 4,726,133
Adjustment to reflect consolidation of internal service fund activities			(63,696)	
Change in net assets of business-type activities			\$ (4,914,253)	

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

## MARION COUNTY, OREGON

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Environmental Services	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 16,061,691	\$ 718,839	\$ 16,780,530	\$ 43,900,707
Cash payments to suppliers for goods and services	(17,587,401)	(636,088)	(18,223,489)	(28,564,257)
Cash payments to employees for services	(2,522,619)	-	(2,522,619)	(14,748,583)
Net cash from operating activities	(4,048,329)	82,751	(3,965,578)	587,867
Cash flows from noncapital financing activities:				
Property taxes received	-	248,963	248,963	-
Franchise taxes received	289,719	-	289,719	-
Interfund loan principal payments	-	(68,975)	(68,975)	-
Interfund loan interest payments	-	(1,035)	(1,035)	-
Transfers received	-	-	-	653,024
Transfers paid	(37,800)	-	(37,800)	-
Net cash from noncapital financing activities	251,919	178,953	430,872	653,024
Cash flows from capital and related financing activities:				
Purchase of capital assets	(93,558)	-	(93,558)	-
Sale of capital assets	9,295	-	9,295	-
Debt principal payments	-	(62,812)	(62,812)	(13,880)
Debt interest payments	-	(43,000)	(43,000)	(120)
Net cash from capital and related financing activities	(84,263)	(105,812)	(190,075)	(14,000)
Cash flows from investing activities:				
Interest on investments	159,767	8,028	167,795	55,573
Interfund loans collected	409,905	-	409,905	-
Net cash from investing activities	569,672	8,028	577,700	55,573
Net change in cash and investments	(3,311,001)	163,920	(3,147,081)	1,282,464
Cash and investments - beginning	21,261,772	1,160,946	22,422,718	12,295,298
Cash and investments - ending	\$ 17,950,771	\$ 1,324,866	\$ 19,275,637	\$ 13,577,762

(Continued on following page)

## MARION COUNTY, OREGON

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Environmental Services	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (5,044,830)	\$ (357,037)	\$ (5,401,867)	\$ (981,901)
Depreciation	758,873	289,832	1,048,705	-
Change in:				
Accounts receivable	539,922	111,327	651,249	56,253
Accounts payable	(492,646)	38,629	(454,017)	(115,234)
Payroll related liabilities	13,969	-	13,969	101,118
Compensated absences	14,061	-	14,061	34,569
Net OPEB obligation	77,218	-	77,218	377,062
Landfill closure and postclosure liability	85,104	-	85,104	-
Accrued claims liability	-	-	-	1,116,000
Net cash from operating activities	<u>\$ (4,048,329)</u>	<u>\$ 82,751</u>	<u>\$ (3,965,578)</u>	<u>\$ 587,867</u>

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

MARION COUNTY, OREGON  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2012

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 18,752,166
Receivables:	
Accounts and interest	711,472
Property taxes	<u>19,926,284</u>
Total assets	<u><u>\$ 39,389,922</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 2,089,915
Due to other agencies	<u>37,300,007</u>
Total liabilities	<u><u>\$ 39,389,922</u></u>

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

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

Marion County, Oregon (the County) is organized under the laws of the State of Oregon as a general law county. The County is governed by an elected three-member Board of Commissioners. These financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations; thus data from these units are combined with data of the County. Each blended component unit has a June 30 year end.

Blended Component Units – The Brooks Community Service District, East Salem Service District, Fargo Interchange Service District, Illahe Hills Street Lighting District, and Labish Village Sewage and Drainage District provide sewer, drainage and lighting services to County residents that live within the boundaries of each district. These five distinct districts are reported as blended component units because the County's Board of Commissioners acts as the districts' governing body, approving budgets, setting user rates, and issuing debt. In addition, County personnel are responsible for managing the districts' day-to-day operations. These districts are reported as enterprise funds.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Brooks Community Service District  
East Salem Service District  
Fargo Interchange Service District  
Illah Hills Street Lighting District  
Labish Village Sewage and Drainage District  
5155 Silverton Rd. NE  
Salem, OR 97305

Joint Ventures – The County participates in the Mid-Willamette Valley Cable Regulatory Commission (MWVCRC), a joint venture between Marion County and the City of Salem. The MWVCRC is responsible for monitoring and enforcing the provisions of franchise agreements with local cable companies and providing cable access for public purposes within the Salem Urban Growth Boundary. The County, under a renewable annual agreement, funds the MWVCRC based upon the amount of cable franchise fees collected by the County. During fiscal year 2012, the County paid \$129,401 to the MWVCRC. Separate financial statements of the MWVCRC may be obtained at:

Mid-Willamette Valley Cable Regulatory Commission  
451 Division Street NE, Suite 200  
Salem, OR 97301

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for support.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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

The statement of activities demonstrates the degree to which the direct expenses of a function (i.e., general government, health and social services, public safety and judicial) are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Amounts reported as *program revenues* include: 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among specific program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds; fiduciary funds 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. The remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*; agency funds are also reported using the *accrual basis of accounting* but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after fiscal year end. Expenditures are generally recorded when a liability is incurred, except for expenditures related to debt service, compensated absences, and claims and judgments which are recorded when payment is due. Property taxes, federal and state grants, shared revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when cash is received by the County.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County does not apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between funds where the amounts are reasonably equivalent in value to the services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County reports the following major governmental funds:

General Operating 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.

Public Works Fund – The expenditures of this fund are restricted under Article IX of the Constitution of the State of Oregon for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the County.

Health Fund – Accounts for community health and mental health programs.

Lottery Distribution Fund – Accounts for shared revenues received from the Oregon State Lottery Fund to be used for economic development activities.

The County reports the following major enterprise fund:

Environmental Services Fund – Accounts for the operation of the County's solid waste collection and disposal system.

Additionally, the County reports the following fund types:

Internal Service Funds – These funds account for the County's central administrative services, risk management program and fleet management program, the costs of which are charged to other departments on a cost-reimbursement basis.

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

D. Investments:

Investments are reported at fair value. A written investment policy, adopted by the Board of Commissioners, controls the types of investments allowed to be purchased by the County.

E. Receivables:

The County levies, collects and distributes property taxes for all taxing jurisdictions within its boundaries. Property taxes receivable in the General Operating Fund that are not available to finance current operations are offset by deferred revenue in the governmental fund financial statements. Such receivables are not reflected as revenue until they become available to finance current operations.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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

Assessments receivable represent uncollected amounts levied against benefited property for the cost of street improvements. Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable in the Public Works Fund that are not available to finance current operations are offset by deferred revenue in the governmental fund financial statements and, accordingly, have not been recorded as revenue. An allowance for uncollectible amounts is not deemed necessary as all amounts, including delinquent assessments, are recoverable through liens on the benefited property. Assessments are payable over a period of up to 20 years and bear interest at 6 to 7 percent.

Loans receivable consist of housing rehabilitation and farmworkers' housing loans made with federal funds in the Community Development Block Grant Fund, land sale contracts in the Tax Title Land Sales Fund, and receivership advances in the Lottery Distribution Fund. Loans receivable that are not available to finance current operations are offset by deferred revenue in the governmental fund financial statements.

Enterprise fund receivables are recorded as revenue when earned, including charges for services rendered but not billed, net of any required allowance for doubtful accounts.

Receivables for federal and state financial assistance are recorded as revenue, in all fund types, when earned.

F. Inventories:

Inventories of materials and supplies are valued at average cost. Inventories are charged to expense when consumed rather than when purchased.

G. Prepaid Pension Obligation:

The County issued limited tax pension obligation bonds in March 2002 and May 2004. The proceeds were used to make supplemental lump-sum payments to the Oregon Public Employees Retirement System to prepay the County's share of the pension plan's unfunded actuarial liability. The payments have been accrued as a prepaid pension obligation; amortization will be recognized as pension expense over the life of the bonds in proportion to the annual repayment of principal.

H. Capital Assets:

Capital assets, which include land, landfills, buildings and improvements, equipment, and infrastructure (i.e., roads, bridges, sidewalks), 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date donated. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value or extend the life of the asset are not capitalized.



MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Landfills	10 to 25
Buildings and improvements	20 to 55
Equipment	5 to 40
Infrastructure	10 to 65

I. Landfill Closure and Post-Closure Liabilities:

The County accrues the costs it expects to incur for closure and post-closure of landfills over the landfill's estimated useful life.

J. 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.

K. Compensated Absences:

Vested compensated absences are accrued in the government-wide and proprietary fund financial statements when earned by employees. Sick pay does not vest and is recorded when used.

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, laws or regulations.

M. Fund Balance:

In the fund financial statements, governmental funds report classifications of fund balance based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. *Nonspendable fund balance* includes amounts that cannot be spent because they are not in spendable form. *Restricted fund balance* represents amounts for which constraints have been imposed by creditors, grantors, contributors, laws or regulations. *Committed fund balance* represents amounts for which constraints have been imposed by board resolution or ordinance; committed amounts cannot be used for any other purpose unless the specified use is removed or changed by the same type of action. *Assigned fund balance* represents amounts that are not restricted or committed, but are intended to be used for specific purposes in accordance with the annual budget adopted by the board. *Unassigned fund balance* is the residual classification for amounts that are not restricted, committed or assigned to specific purposes. When more than one category of fund balance is available for a certain expenditure, the County considers fund balance to be spent in the following order: restricted, committed, assigned, and unassigned.

County policy requires that the General Fund maintain a fund balance of no less than 5% of revenues, in order to ensure that sufficient working capital is available to finance operations at the start of the ensuing fiscal year.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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

N. Stabilization Arrangements:

The Rainy Day Fund was established by board resolution in accordance with ORS 294.525. The fund's specified purpose is to accumulate resources to be used in the event of natural or manmade disasters, labor disputes, or financial emergencies; and to offset PERS rate increases and other PERS obligations. Fund balance was \$2,181,039 as of June 30, 2012.

O. Cash Flows Statement:

For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

P. 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 or foreclosure.

NOTE 2 – CASH AND INVESTMENTS:

The County maintains an internal cash and investments pool that is available for use by all funds. In addition, cash and investments are held separately by some of the County's funds. Cash and investments are comprised of the following at June 30, 2012:

Cash on hand	\$ 12,988
Deposits with financial institutions:	
Demand and savings deposits	29,744,430
Certificates of deposit	4,000,000
Investments	<u>83,317,901</u>
Total cash and investments	<u><u>\$ 117,075,319</u></u>

Cash and investments consist of \$98,323,153 shown on the government-wide Statement of Net Assets and \$18,752,166 shown on the Statement of Fiduciary Net Assets.

Deposits with Financial Institutions – Deposits with financial institutions are comprised of demand deposits, savings deposits, and certificates of deposit. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program under ORS 295. The collateralization program creates a statewide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of federal depository insurance, and eliminating the need for certificates of participation. As of June 30, 2012, the County had total bank balances of \$34,593,372. Of this amount, \$7,737,072 was covered by federal depository insurance, and the remainder was collateralized by the statewide pool.

Investments – The types of investments in which the County may invest are restricted by Oregon statutes and County policy. Authorized investments include general obligations of the U.S. government and its agencies, obligations of the states of Oregon, California, Idaho, Washington and their municipalities, corporate indebtedness, certificates of deposit, banker's acceptances, repurchase agreements, and the State of Oregon local government investment pool.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 2 – CASH AND INVESTMENTS (Continued):

As of June 30, 2012, the County had the following investments:

Investment Type	Carrying Value	Percent of Investment Portfolio	Weighted Average Maturity (Months)
US treasury obligations	\$ 3,485,687	4.2%	5.43
US agency securities	52,425,751	62.9%	44.37
Municipal bonds	4,526,782	5.4%	26.53
Corporate bonds	18,234,613	21.9%	5.40
State of Oregon local government investment pool	4,645,068	5.6%	n/a
	<u>\$ 83,317,901</u>	<u>100.0%</u>	

The State of Oregon local government investment pool (LGIP) is an open-ended, no-load diversified portfolio created under Oregon Revised Statutes 294.805 to 294.895 and administered by the Oregon State Treasurer as part of the Oregon Short Term Fund. Investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer. The fair value of the County's position in the pool is the same as the value of the pool shares.

Interest rate risk – In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of total deposits and investments to 24 months; the maturity of individual securities is limited to 60 months.

Credit risk – In accordance with Oregon statutes, municipal obligations must be rated A or better for issuers within Oregon, and AA or better for issuers outside Oregon. Corporate indebtedness must be rated A / P-2 or better (Moody's Investor Service), A / A-2 or better (Standard & Poor's) or the equivalent for issuers within Oregon, and Aa / P-1 or better (Moody's Investor Service), AA / A-1 or better (Standard & Poor's) or the equivalent for issuers outside Oregon. As of June 30, 2012, Standard & Poor's ratings for the County's investments were as follows: US treasury obligations \$1,487,067, AAA, 1,998,620, AA; US agency securities \$45,670,739, AA, \$6,755,012, not rated; municipal bonds \$3,898,598, AA, \$628,184, A; corporate bonds \$5,117,891, AA, \$13,116,722, A. The LGIP is not rated.

Concentration of credit risk – County policy limits corporate indebtedness to 35% of total deposits and investments, and the amount per issuer may not exceed 5%. Municipal securities are limited to 25% total, US agency securities are limited to 75% total and 50% per issuer, US treasury obligations are not limited, and investment in the LGIP is subject to statutory limits.

Custodial credit risk – This 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. All of the County's investments, except the State of Oregon local government investment pool, which is not evidenced by securities, are held in safekeeping by the financial institutions' trust department in the County's name.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

**NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES:**

The Environmental Services Fund has outstanding capital loans of \$560,000 to the General Operating Fund for facility renovations, \$94,850 to the Public Works Fund for ferry improvements, and \$5,883 to the Fleet Management Fund for vehicle purchases.

**NOTE 4 – RECEIVABLES:**

Receivables for the County's major funds, nonmajor funds, and fiduciary funds are as follows. The majority of loans and assessments receivable are not expected to be collected within one year.

	Property Taxes	Accounts	Interest	Loans and Assessments	Total
General Operating Fund	\$ 4,327,958	\$ 1,579,235	\$ 115,493	\$ -	\$ 6,022,686
Public Works Fund	-	1,758,906	59,862	2,704	1,821,472
Health Fund	-	1,662,705	47,585	-	1,710,290
Lottery Distribution Fund	-	-	2,588	4,150,523	4,153,111
Environmental Services	-	1,831,709	69,354	-	1,901,063
Nonmajor governmental funds	-	1,843,845	32,901	228,739	2,105,485
Nonmajor enterprise funds	25,278	233,720	4,845	-	263,843
Internal service funds	-	24,287	37,286	-	61,573
Agency funds	19,926,284	658,587	52,885	-	20,637,756
	<u>\$ 24,279,520</u>	<u>\$ 9,592,994</u>	<u>\$ 422,799</u>	<u>\$ 4,381,966</u>	<u>\$ 38,677,279</u>

**NOTE 5 – CAPITAL ASSETS:**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 11,972,887	\$ -	\$ 83,973	\$ 11,888,914
Construction in progress	9,595,126	2,493,741	10,681,846	1,407,021
Total capital assets not being depreciated	<u>21,568,013</u>	<u>2,493,741</u>	<u>10,765,819</u>	<u>13,295,935</u>
Capital assets being depreciated:				
Buildings and improvements	94,358,129	7,542,245	11,205,056	90,695,318
Equipment	24,748,947	4,732,535	2,673,535	26,807,947
Infrastructure	549,379,001	6,906,705	5,600	556,280,106
Total capital assets being depreciated	<u>668,486,077</u>	<u>19,181,485</u>	<u>13,884,191</u>	<u>673,783,371</u>
Less accumulated depreciation for:				
Buildings and improvements	32,266,671	1,765,483	6,835,678	27,196,476
Equipment	17,051,517	1,680,397	2,510,593	16,221,321
Infrastructure	443,551,217	13,758,871	2,169	457,307,919
Total accumulated depreciation	<u>492,869,405</u>	<u>17,204,751</u>	<u>9,348,440</u>	<u>500,725,716</u>
Total capital assets being depreciated, net	<u>175,616,672</u>	<u>1,976,734</u>	<u>4,535,751</u>	<u>173,057,655</u>
Governmental activities capital assets, net	<u>\$ 197,184,685</u>	<u>\$ 4,470,475</u>	<u>\$ 15,301,570</u>	<u>\$ 186,353,590</u>

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 5 – CAPITAL ASSETS (Continued):

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,034,916	\$ -	\$ -	\$ 3,034,916
Construction in progress	642,443	-	642,443	-
Total capital assets not being depreciated	3,677,359	-	642,443	3,034,916
Capital assets being depreciated:				
Landfills	6,728,446	-	297,743	6,430,703
Buildings and improvements	13,761,665	-	-	13,761,665
Equipment	2,115,413	736,001	80,103	2,771,311
Total capital assets being depreciated	22,605,524	736,001	377,846	22,963,679
Less accumulated depreciation for:				
Landfills	5,606,106	368,611	263,388	5,711,329
Buildings and improvements	8,176,530	417,724	-	8,594,254
Equipment	879,871	262,370	80,103	1,062,138
Total accumulated depreciation	14,662,507	1,048,705	343,491	15,367,721
Total capital assets being depreciated, net	7,943,017	(312,704)	34,355	7,595,958
Business-type activities capital assets, net	<u>\$ 11,620,376</u>	<u>\$ (312,704)</u>	<u>\$ 676,798</u>	<u>\$ 10,630,874</u>

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

**Governmental activities:**

General government	\$ 1,505,918
Health and social services	82,500
Public safety and judicial	1,156,684
Community service	43,045
Roads and bridges	14,416,604
Total depreciation expense, governmental activities	<u>\$ 17,204,751</u>

**Business-type activities:**

Environmental services	\$ 758,873
Sewer and lighting services	289,832
Total depreciation expense, business-type activities	<u>\$ 1,048,705</u>

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For 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:

	Beginning Balances	Additions	Deletions	Ending Balances	Due within One Year
<b>Governmental Activities:</b>					
Revenue bonds	\$ 3,062,062	\$ -	\$ 410,953	\$ 2,651,109	\$ 431,249
Refunding obligations	14,589,733	-	934,264	13,655,469	890,000
Limited tax pension obligations	41,362,745	-	579,620	40,783,125	1,110,000
Accrued claims liability	3,877,000	2,458,885	1,342,885	4,993,000	1,446,254
Compensated absences	4,096,844	3,910,755	3,882,951	4,124,648	3,789,543
Net OPEB obligation	8,939,701	3,588,779	830,810	11,697,670	-
	<u>8,939,701</u>	<u>3,588,779</u>	<u>830,810</u>	<u>11,697,670</u>	<u>-</u>
Governmental activities long-term obligations	<u>\$ 75,928,085</u>	<u>\$ 9,958,419</u>	<u>\$ 7,981,483</u>	<u>\$ 77,905,021</u>	<u>\$ 7,667,046</u>
<b>Business-Type Activities:</b>					
Notes payable	\$ 824,172	\$ -	\$ 62,812	\$ 761,360	\$ 66,159
Landfill closure and postclosure liability	6,554,314	85,104	-	6,639,418	-
Compensated absences	109,024	101,993	87,932	123,085	79,608
Net OPEB obligation	228,300	98,917	21,699	305,518	-
	<u>228,300</u>	<u>98,917</u>	<u>21,699</u>	<u>305,518</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 7,715,810</u>	<u>\$ 286,014</u>	<u>\$ 172,443</u>	<u>\$ 7,829,381</u>	<u>\$ 145,767</u>

Compensated absences are liabilities of the funds in which the related payroll costs are accrued. Expenditures for liquidating the liabilities are recorded in the general, special revenue, enterprise and internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the accrued claims liability, compensated absences and net OPEB obligation of the internal service funds are included as part of the above totals for governmental activities.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 6 – LONG-TERM OBLIGATIONS (Continued):

Revenue Bonds – In December 2002, the County issued \$5,000,000 in revenue bonds to provide funds for the acquisition, construction, improvement and equipping of the Oregon Garden. The bonds are payable solely from rental amounts received from a sublease agreement between the County and the Oregon Garden Foundation (OGF), and if those are not sufficient, from video lottery funds the County receives from the State of Oregon. Principal and interest is payable quarterly through December 1, 2017 at an interest rate of 4.85%.

Beginning September 2004, OGF was unable to make the rent payments necessary to stay current on the sublease and service the debt; the County has subsequently made all required debt service payments on the revenue bonds. In September 2005, OGF was placed in receivership. Under the terms of the distribution plan filed by the receiver, the County has a secured claim in the receivership proceeds for \$5,000,000 plus interest paid on the bonds. Because of the leasing arrangement with OGF, the revenue bonds had been classified as conduit debt and were not recognized in the County's financial statements. However, when OGF was placed in receivership, the County reported the revenue bonds as a long-term liability.

The bondholder has permanently waived the requirement that the County maintain a minimum balance in a debt reserve fund.

Annual requirements to repay the Oregon Garden Revenue Bonds are as follows:

Fiscal Year of Maturity	Principal			Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year	Outstanding June 30, 2012	
2012	\$ 410,953	\$ 410,953	\$ -	\$ -
2013	431,249	-	431,249	120,814
2014	452,548	-	452,548	99,515
2015	474,899	-	474,899	77,164
2016	498,354	-	498,354	53,709
2017	522,968	-	522,968	29,096
2018	271,091	-	271,091	4,941
	<u>\$ 3,062,062</u>	<u>\$ 410,953</u>	<u>\$ 2,651,109</u>	<u>\$ 385,239</u>

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 6 – LONG-TERM OBLIGATIONS (Continued):

Refunding Obligations – In December 1998, the County sold Certificates of Participation to fund a portion of the County's share of development, design and construction costs for the Courthouse Square Project. In May 2005, the County issued full faith and credit refunding obligations of \$17,975,000 to advance refund the outstanding certificates of participation. Principal payments are due annually through June 1, 2023, and interest is payable in December and June of each year with interest rates ranging from 3.0% to 5.5%. The defeased certificates of participation were fully repaid to bondholders in June 2009.

Annual requirements to repay the Courthouse Square Refunding Obligations are as follows:

Fiscal Year of Maturity	Principal			Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year	Outstanding June 30, 2012	
2012	\$ 860,000	\$ 860,000	\$ -	\$ -
2013	890,000	-	890,000	658,900
2014	925,000	-	925,000	624,300
2015	960,000	-	960,000	587,300
2016	1,015,000	-	1,015,000	534,500
2017	1,070,000	-	1,070,000	478,675
2018-2022	6,240,000	-	6,240,000	1,465,550
2023	1,470,000	-	1,470,000	80,850
	13,430,000	860,000	12,570,000	4,430,075
Unamortized premium	1,159,733	74,264	1,085,469	-
	<u>\$ 14,589,733</u>	<u>\$ 934,264</u>	<u>\$ 13,655,469</u>	<u>\$ 4,430,075</u>



MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 6 – LONG-TERM OBLIGATIONS (Continued):

Limited Tax Pension Obligations (2002) – In March 2002, the County issued Limited Tax Pension Obligations of \$26,708,830 and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover the County's unfunded actuarial liability. Principal payments are due annually through June 1, 2028, and interest is payable in December and June of each year with rates ranging from 4.72% to 7.41%. Obligations maturing through June 1, 2020 are deferred interest obligations and are shown at matured value. Annual requirements to repay the 2002 Limited Tax Pension Obligations are as follows:

Fiscal Year of Maturity	Principal			Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year	Outstanding June 30, 2012	
2012	\$ 730,000	\$ 730,000	\$ -	\$ -
2013	830,000	-	830,000	1,459,350
2014	930,000	-	930,000	1,459,350
2015	1,040,000	-	1,040,000	1,459,350
2016	1,150,000	-	1,150,000	1,459,350
2017	1,270,000	-	1,270,000	1,459,350
2018-2022	8,415,000	-	8,415,000	7,163,235
2023-2027	15,260,000	-	15,260,000	4,087,560
2028	1,965,000	-	1,965,000	135,585
	31,590,000	730,000	30,860,000	18,683,130
Less deferred interest	(6,747,255)	(365,380)	(6,381,875)	-
	<u>\$ 24,842,745</u>	<u>\$ 364,620</u>	<u>\$ 24,478,125</u>	<u>\$ 18,683,130</u>

Limited Tax Pension Obligations (2004) – In May 2004, the County issued \$16,860,000 of Limited Tax Pension Obligations and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover the County's unfunded actuarial liability. Principal payments are due annually through June 1, 2028, and interest is payable in June and December of each year with rates ranging from 4.29% to 6.09%. Annual requirements to repay the 2004 Limited Tax Pension Obligations are as follows:

Fiscal Year of Maturity	Principal			Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year	Outstanding June 30, 2012	
2012	\$ 215,000	\$ 215,000	\$ -	\$ -
2013	280,000	-	280,000	979,808
2014	350,000	-	350,000	964,828
2015	425,000	-	425,000	945,330
2016	505,000	-	505,000	921,228
2017	595,000	-	595,000	892,085
2018-2022	4,640,000	-	4,640,000	3,802,708
2023-2027	8,415,000	-	8,415,000	1,983,469
2028	1,095,000	-	1,095,000	66,740
	<u>\$ 16,520,000</u>	<u>\$ 215,000</u>	<u>\$ 16,305,000</u>	<u>\$ 10,556,196</u>

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 6 – LONG-TERM OBLIGATIONS (Continued):

Notes Payable – Fargo Interchange Service District has outstanding loans payable to the State of Oregon Special Public Works Fund. Proceeds from the loans were restricted for construction of a sewer system and related improvements. Principal and interest payments are due annually through December 1, 2033, with interest rates ranging from 3.00% to 6.5%. Annual requirements to repay the loans are as follows:

Fiscal Year of Maturity	Principal		Outstanding June 30, 2012	Future Interest
	Outstanding July 1, 2011	Matured and Paid During Year		
2012	\$ 62,812	\$ 62,812	\$ -	\$ -
2013	66,159	-	66,159	39,354
2014	74,733	-	74,733	35,430
2015	78,536	-	78,536	31,102
2016	82,598	-	82,598	26,440
2017	17,946	-	17,946	21,517
2018-2022	91,653	-	91,653	96,397
2023-2027	120,831	-	120,831	72,720
2028-2032	156,472	-	156,472	40,091
2033-2034	72,432	-	72,432	5,167
	<u>\$ 824,172</u>	<u>\$ 62,812</u>	<u>\$ 761,360</u>	<u>\$ 368,218</u>

Landfill Closure and Postclosure Liability – Effective July 1, 1993, the County adopted Governmental Accounting Standards Board Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" (GASB 18). This statement requires municipalities to record the estimated closure and post-closure care costs of landfills over the useful life of the landfill.

Marion County Environmental Services is currently operating two landfill sites: the North Marion County Disposal Facility and the Brown's Island Demolition Landfill. Federal regulations require the County to place a final cover on each site when it reaches capacity and to perform postclosure maintenance and monitoring for an additional thirty years at North Marion and twenty years at Brown's Island. Due to the recent addition of a metal recovery process at North Marion that allows for alternative use of screened incinerator ash, the County does not anticipate closing the site for the foreseeable future; the County expects to continue receiving demolition waste at Brown's Island for 15 years.

Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, Marion County Environmental Services reports a portion of these costs as an operating expense in each fiscal year based on the landfill capacity use as of the end of the fiscal year. The \$6,639,418 reported as landfill closure and postclosure liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 91% of the estimated capacity at the North Marion facility and 69% at Brown's Island. The estimated total closure and post-closure cost remaining to be recognized is \$1,367,662. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 7 – RISK MANAGEMENT:

The County is exposed to various risks of loss related to workers' compensation, automobile and general liability. The County has established the Self-Insurance Fund, an internal service fund, to account for and finance its risks of loss. The County carries an excess liability policy which is subject to a \$1,000,000 self-insured retention with a \$10,000,000 limit per occurrence. The County also carries an excess workers' compensation policy which is subject to a \$600,000 self-insured retention with statutory limits for workers' compensation claims. Closed claims have not exceeded this commercial coverage to date.

All departments of the County participate in the risk management program and make payments to the Self-Insurance Fund based on estimates needed to pay current and prior year claims and to establish a reserve for catastrophic losses. The claims liability of \$4,993,000 reported in the Self-Insurance Fund at June 30, 2012 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of 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 claims incurred but not reported as of June 30, 2012.

Changes in estimates of claims costs resulting from the County's continuous review process and differences between estimates and payments of claims are recognized in the results of operations of the Self-Insurance Fund as determinable.

Changes in claims liabilities for the current and previous fiscal years were:

	Fiscal Year 2011-12	Fiscal Year 2010-11
Claims liability, beginning of year	\$ 3,877,000	\$ 3,877,000
Current year claims and changes in estimates	2,458,885	1,386,719
Claim payments	<u>(1,342,885)</u>	<u>(1,386,719)</u>
Claims liability, end of year	<u>\$ 4,993,000</u>	<u>\$ 3,877,000</u>

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 8 – PENSION PLAN:

Plan Description – The County participates in two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (Tier 1/Tier 2) is a cost-sharing multiple-employer defined benefit pension plan for qualifying employees hired before August 29, 2003. Benefits are established by state statute.

The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to Tier 1/Tier 2 consisting of two programs: a defined benefit pension plan and a defined contribution program (the Individual Account Program or IAP). The OPSRP pension plan is effective for all new employees hired on or after August 29, 2003. The plan provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary, years of service and type of service (general or police/fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. Tier 1/Tier 2 members retain their existing Tier 1/Tier 2 accounts, but future member contributions are deposited into the member's IAP account.

Both pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. All County employees are eligible to participate after six months of employment. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS, 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, PO Box 23700, Tigard, Oregon 97281-3700 or by calling (503) 598-7377.

Funding Policy – The contribution requirements of plan members and the County are established by Oregon statute and may be amended by an act of the Oregon Legislature. The County is required to contribute an actuarially determined percentage of covered payroll. The County joined the State and Local Government Rate Pool (SLGRP) in 2002; thus Tier 1/Tier 2 contribution rates are determined based on the overall experience of the pool, and adjusted to reflect the County's transition liability and side accounts.

Rates in effect for fiscal year 2012 were 10.46% for Tier 1/Tier 2 members, 6.80% for OPSRP general service members, and 9.51% for OPSRP police & fire members; comparable rates were 5.37%, 3.86%, and 6.57%, respectively, for fiscal years 2011 and 2010. The County paid employer contributions as required for the years ended June 30, 2012, 2011 and 2010 amounting to \$6,875,144, \$3,934,708, and \$3,760,360, respectively. In addition, the County recognized amortization of the prepaid pension obligation of \$571,073 in fiscal year 2012.

PERS-eligible employees are required to contribute 6% of their annual covered salary which is invested in the OPSRP Individual Account Program. Employers are permitted to pick-up employee contributions on behalf of employees. Starting July 1, 2008, the County began paying the 6% employee contribution for non-represented employees and for represented employees in accordance with collective bargaining agreements. The amount of employee contributions paid by the County was \$3,397,753 for the year ended June 30, 2012. Members of the Marion County Law Enforcement Association bargaining unit do not participate in this arrangement.

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS:

The County implemented Governmental Accounting Standards Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, in fiscal year 2008. To comply with GASB 45, the County must account for other postemployment benefits (OPEB) using the accrual basis of accounting rather than a pay-as-you-go basis. Under accrual accounting, a liability must be recognized when employees earn OPEB rather than when the benefits are paid. To determine OPEB liabilities, the County must obtain an actuarial valuation every two years.

Benefit Description – Until they become eligible for Medicare, the County allows retirees to continue health insurance coverage for themselves and their qualified dependents at the same rates as active employees, as required by ORS 243.303. Retirees must pay the entire premium in order to maintain coverage; the County does not directly contribute to the cost of premiums for retirees. However, premiums paid by retirees do not represent the full cost of providing health insurance to retirees because the County's rates are determined based on claims experience for both active employees and retirees. Since retirees typically have higher medical claims than active employees, medical coverage would be more expensive for retirees in a separately rated health plan. Conversely, active employees would be expected to generate lower medical claims resulting in lower premiums. The additional cost of allowing retirees to purchase health insurance at a blended rate is called an implicit rate subsidy and is required to be valued under GASB 45. The County treats this implicit rate subsidy as a single-employer, defined benefit OPEB plan administered by the County only to satisfy the accounting and financial reporting requirements of GASB 45, and a separate financial report is not issued. In addition to the requirements imposed by ORS 243.303, benefits provided to employees are established and may be amended by the County's board of commissioners in conjunction with various collective bargaining agreements.

Funding Policy – Retirees pay the entire cost of premiums at blended rates. The County's only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis. Contribution requirements are established and may be amended by the County's board of commissioners in conjunction with various collective bargaining agreements.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) determined by an actuary. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

	FY 2010	FY 2011	FY 2012
Net OPEB obligation, beginning of year	\$ 3,990,235	\$ 6,611,123	\$ 9,168,001
Annual required contribution (ARC)	3,375,287	3,493,422	3,648,410
Interest on net OPEB obligation	159,609	264,445	366,720
Amortization adjustment to ARC	(142,510)	(236,116)	(327,434)
Annual OPEB cost	3,392,386	3,521,751	3,687,696
Contributions made (implicit rate subsidy)	(771,498)	(964,873)	(852,509)
Change in net OPEB obligation	2,620,888	2,556,878	2,835,187
Net OPEB obligation, end of year	\$ 6,611,123	\$ 9,168,001	\$ 12,003,188
Percentage of annual OPEB cost contributed	23%	27%	23%

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued):

**Funded Status and Funding Progress** – As of July 1, 2011, the most recent actuarial valuation date, the actuarially accrued liability was \$31,387,612, all of which is unfunded because the County has not set aside any assets to pre-fund OPEB resulting from the implicit rate subsidy. The annual payroll of active employees covered by the County's healthcare plan was \$74,519,598, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 42%. The schedule of funding progress included as required supplementary information presents multi-year trend information.

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

For the July 1, 2011 actuarial valuation, the actuary used the projected unit credit actuarial cost method. Actuarial assumptions included a discount rate of 4%, inflation rate of 3%, projected salary increases of 3.5% per year, and a healthcare cost trend rate of 11% initially, reduced by decrements to an ultimate rate of 5% after 25 years. The UAAL is being amortized over an open period of 30 years as a level percentage of projected payroll.

NOTE 10 – FUND BALANCE CLASSIFICATIONS:

	General Operating Fund	Public Works Fund	Health Fund	Lottery Distribution Fund	Other Governmental Funds	Total Governmental Funds
<b>Restricted for:</b>						
General government	\$ -	\$ -	\$ -	\$ -	\$ 122,937	\$ 122,937
Health & social services	2,000,000	-	8,331,829	-	183,537	10,515,366
Public safety & judicial	-	-	-	-	1,516,870	1,516,870
Community service	-	-	-	721,590	839,188	1,560,778
Roads and bridges	-	-	-	-	1,276,716	1,276,716
Education	-	-	-	-	24,536	24,536
Capital projects	-	-	-	-	89,369	89,369
	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 8,331,829</u>	<u>\$ 721,590</u>	<u>\$ 4,053,153</u>	<u>\$ 15,106,572</u>
<b>Committed to:</b>						
General government	\$ 2,181,039	\$ -	\$ -	\$ -	\$ -	\$ 2,181,039
Health & social services	12,690	-	-	-	-	12,690
Public safety & judicial	-	-	-	-	27,576	27,576
Community service	-	-	-	-	35,950	35,950
Roads and bridges	-	2,742,450	-	-	-	2,742,450
Capital projects	-	-	-	-	2,017,422	2,017,422
	<u>\$ 2,193,729</u>	<u>\$ 2,742,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,080,948</u>	<u>\$ 7,017,127</u>
<b>Assigned to:</b>						
General government	\$ 1,162,199	\$ -	\$ -	\$ -	\$ -	\$ 1,162,199
Health & social services	-	-	5,589,094	-	325,059	5,914,153
Public safety & judicial	938,789	-	-	-	1,207,908	2,146,697
Community service	-	-	-	-	850,600	850,600
Roads and bridges	-	14,454,602	-	-	67,195	14,521,797
Debt service	-	-	-	-	389,129	389,129
Capital projects	-	-	-	-	8,659,019	8,659,019
	<u>\$ 2,100,988</u>	<u>\$ 14,454,602</u>	<u>\$ 5,589,094</u>	<u>\$ -</u>	<u>\$ 11,498,910</u>	<u>\$ 33,643,594</u>

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 11 – TRANSFERS:

Transfers are summarized as follows:

Transfer To	Transfer From					Total
	Governmental Funds				Proprietary Funds	
	General Operating Fund	Health Fund	Lottery Distribution Fund	Nonmajor funds	Environmental Services Fund	
Governmental Funds:						
General Operating Fund	\$ -	\$ -	\$ -	\$ 3,734,946	\$ -	\$ 3,734,946
Public Works Fund	4,000	-	-	-	37,800	41,800
Health Fund	4,483,866	-	-	-	-	4,483,866
Nonmajor funds	13,424,021	-	324,000	760,148	-	14,508,169
Proprietary Funds:						
Environmental Services Fund	-	-	-	-	-	-
Internal service funds	587,409	14,952	-	50,663	-	653,024
Total	<u>\$ 18,499,296</u>	<u>\$ 14,952</u>	<u>\$ 324,000</u>	<u>\$ 4,545,757</u>	<u>\$ 37,800</u>	<u>\$ 23,421,805</u>

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES:

The County is party in its official capacity to various lawsuits and claims, all of which, in the opinion of management and legal counsel, are covered by the County's excess insurance policies if they should exceed the County's retained risk.

The County has a service agreement with the owner of a mass burn solid waste disposal, electric power generation, and resource recovery facility located in Marion County. Under this agreement, the facility will accept 145,000 tons of acceptable waste from the County for disposal each year. In return, the County pays service fees for operations, maintenance and pass through costs, less any credits for electricity generation and the sale of secondary materials. For fiscal year 2012, monthly service fees were approximately \$771,500. These costs are recorded in the Environmental Services Fund, an Enterprise Fund.

The County has long-term agreements to lease space for storage and various offices. Rent for these facilities was \$1,926,265 for the year ended June 30, 2012. Future obligations under these agreements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 2,023,226
2014	1,105,551
2015	748,956
2016	738,991
2017	655,519
2018-2021	1,114,823

MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 13 – EXTRAORDINARY ITEM:

In spring 2010, the County began examining defects observed in the Courthouse Square office building, jointly owned by Marion County and the Salem Area Mass Transit District. Due to the structural deficiencies uncovered, the building was closed in September 2010, resulting in the relocation of various county and transit operations. Based on preliminary estimates to repair or replace the building, the County recognized a loss on impairment of \$4,603,041 in fiscal 2011. In fiscal 2012, the County recognized an additional loss on impairment of \$4,400,043 based on the remediation contract. As of June 30, 2012, the County had not recognized any insurance or litigation recoveries related to this impairment.

NOTE 14 – SUBSEQUENT EVENTS:

In October 2012, the County and Transit reached a settlement agreement with the company insuring the Courthouse Square complex for \$9.5 million. In addition, the County and Transit have agreed to share settlements with contractors totaling \$1.8 million. The county's estimated \$8.2 million share of these insurance and litigation recoveries will be recognized in fiscal 2013.

Management has evaluated subsequent events through December 10, 2012 and is not aware of any other subsequent events that require recognition or disclosure in the financial statements.

NOTE 15 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

The County budgets all funds except agency funds, and the Illahe Hills Street Lighting District, which is exempt from Oregon Local Budget Law. In accordance with Oregon Local Budget Law, the County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In May or early June, the County's Budget Officer submits 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 approves 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 resolution of the Board of Commissioners. If not enacted prior to July, the County has no authority to expend monies until the budget is enacted.
4. Departments are authorized to transfer appropriations between line items within a category but transfers between categories or departments must be approved by the Board of Commissioners. The General Fund and Central Services Fund are appropriated by department. All other funds are appropriated by the categories of personal services, materials and services, capital outlay, debt service, special payments, transfers and contingency. Revisions that alter the total appropriations of any fund, other than the receipt of new, designated grants, must be made using a supplemental budget. This process requires a public hearing and enactment by the Board of Commissioners.



MARION COUNTY, OREGON  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

NOTE 15 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued):

5. Budgets for the General Operating, Special Revenue, Debt Service and Capital Projects Funds are adopted on a modified accrual basis. Budgets for the Enterprise and Internal Service Funds are adopted on a basis consistent with GAAP, except that depreciation and vacation pay are not recognized.
6. Appropriations lapse at the end of the fiscal year.

The County adopted three supplemental budgets during the year ended June 30, 2012.

The following funds had overexpenditures in the indicated categories:

General Operating Fund:	
General Fund – Justice Courts	\$2,152
Inmate Welfare Fund – Personal Services	1,553
Special Revenue Funds:	
County Clerk Records Fund – Personal Services	965
County Fair Fund – Materials and Services	13,356
Enterprise Funds:	
Environmental Services Fund – Materials and Services	69,340
Internal Service Funds:	
Fleet Management Fund – Materials and Services	16,777

NOTE 16 – NEW PRONOUNCEMENTS:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989. These requirements are effective for the County’s financial statements beginning in fiscal year 2013.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” provides guidance for reporting deferred outflows and inflows of resources, and net position in a statement of financial position. These requirements are effective for the County’s financial statements beginning in fiscal year 2013.

GASB Statement No. 68 “Accounting and Reporting for Pension Plans – an amendment of GASB Statement No. 27,” revises accounting and financial reporting requirements related to pensions provided by governments. These requirements are effective for the County’s financial statements beginning in fiscal year 2015.

## REQUIRED SUPPLEMENTARY INFORMATION

## GENERAL AND MAJOR SPECIAL REVENUE FUNDS

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
General	Property taxes, grants, state shared revenue, fees, service charges, fines and forfeitures, and interest.	Accounts for all operations not required to be accounted for in other funds.
Public Works	Motor vehicle fees and gasoline tax apportionments from the State of Oregon, federal forest revenues, property improvement assessments and revenues from various federal and state agencies.	Accounts for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets. Certain revenues are restricted for these purposes under Article IX of the State Constitution.
Health	Federal and state grants, fees, and transfers from the General Fund.	Accounts for community health and mental health programs.
Lottery Distribution	State Lottery Commission shared revenues.	Accounts for disbursements related to the state Lottery Video Poker Fund.

The County's budgets are accounted for using the modified accrual basis of accounting. The General Fund is appropriated by department. The Public Works Fund, Health Fund and Lottery Distribution Fund are appropriated by the categories of personal services, materials and services, capital outlay, debt service, special payments, transfers and contingency.

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the year ended June 30, 2012

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes:				
Property	\$ 56,341,615	\$ 56,341,615	\$ 56,673,349	\$ 331,734
Franchise	243,000	243,000	258,296	15,296
Licenses and permits	60,000	60,000	59,025	(975)
Intergovernmental	4,696,369	4,696,369	4,754,812	58,443
Charges for services	3,428,240	3,428,240	3,814,500	386,260
Fines and forfeitures	213,973	213,973	227,951	13,978
Interest	476,800	476,800	440,073	(36,727)
Other	-	-	18,292	18,292
Total revenues	65,459,997	65,459,997	66,246,298	786,301
EXPENDITURES:				
Assessor's Office	5,626,284	5,587,726	5,180,482	407,244
Clerk's Office	2,658,484	2,658,484	2,268,218	390,266
District Attorney's Office	7,438,812	7,438,812	7,322,690	116,122
Justice Courts	830,443	841,625	843,777	(2,152)
Juvenile Department	9,261,788	9,254,157	8,914,401	339,756
Sheriff's Office	34,393,985	33,936,000	32,888,939	1,047,061
Treasurer's Office	440,816	467,316	460,189	7,127
Non-Departmental:				
Materials and services	1,848,898	1,848,898	1,578,501	270,397
Debt service - principal	280,000	280,000	280,000	-
Debt service - interest	25,000	25,000	14,130	10,870
Contingency	697,183	682,683	-	682,683
Total expenditures	63,501,693	63,020,701	59,751,327	3,269,374
OTHER FINANCING SOURCES (USES):				
Transfers in	4,258,305	3,800,320	3,734,946	(65,374)
Transfers out	(10,019,376)	(11,101,294)	(10,947,312)	153,982
Total other financing sources (uses)	(5,761,071)	(7,300,974)	(7,212,366)	88,608
Net change in fund balance	(3,802,767)	(4,861,678)	(717,395)	4,144,283
FUND BALANCE - beginning	7,289,114	8,842,443	8,842,443	-
FUND BALANCE - ending	\$ 3,486,347	\$ 3,980,765	8,125,048	\$ 4,144,283
Reconciliation to generally accepted accounting principles (GAAP) basis:				
Interfund loan payable			(560,000)	
Funds budgeted separately:				
CH2 Redevelopment Fund			1,162,199	
Traffic Safety Team Fund			712,352	
Inmate Welfare Fund			226,437	
Rainy Day Fund			2,181,039	
Health IDS Reserve Fund			2,012,690	
FUND BALANCE - ending, as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - General Operating Fund			\$ 13,859,765	

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC WORKS FUND

For the year ended June 30, 2012

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 157,125	\$ 157,125	\$ 175,141	\$ 18,016
Intergovernmental	18,610,633	19,005,633	19,719,729	714,096
Charges for services	3,636,255	3,619,255	3,694,506	75,251
Fines and forfeitures	6,000	6,000	445	(5,555)
Interest	124,911	124,911	77,969	(46,942)
Other	7,000	7,000	4,637	(2,363)
Total revenues	<u>22,541,924</u>	<u>22,919,924</u>	<u>23,672,427</u>	<u>752,503</u>
EXPENDITURES:				
Personal services	11,262,218	11,262,218	10,321,752	940,466
Materials and services	9,329,122	9,458,677	8,337,923	1,120,754
Capital outlay	5,332,720	5,982,795	3,027,546	2,955,249
Debt service - principal	47,050	47,050	47,050	-
Debt service - interest	1,000	1,000	184	816
Contingency	1,261,154	897,324	-	897,324
Total expenditures	<u>27,233,264</u>	<u>27,649,064</u>	<u>21,734,455</u>	<u>5,914,609</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>4,000</u>	<u>41,800</u>	<u>41,800</u>	<u>-</u>
Net change in fund balance	(4,687,340)	(4,687,340)	1,979,772	6,667,112
FUND BALANCE - beginning	<u>16,132,985</u>	<u>16,132,985</u>	<u>16,285,468</u>	<u>152,483</u>
FUND BALANCE - ending	<u>\$ 11,445,645</u>	<u>\$ 11,445,645</u>	18,265,240	<u>\$ 6,819,595</u>
Less interfund loan payable			<u>(94,850)</u>	
FUND BALANCE - ending, as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances			<u>\$ 18,170,390</u>	

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
HEALTH FUND

For the year ended June 30, 2012

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 40,423,994	\$ 41,848,704	\$ 42,983,616	\$ 1,134,912
Charges for services	6,475,567	6,354,622	6,501,417	146,795
Interest	55,240	55,240	62,881	7,641
Other	46,500	107,800	101,999	(5,801)
Total revenues	47,001,301	48,366,366	49,649,913	1,283,547
EXPENDITURES:				
Personal services	26,655,969	26,699,453	25,549,335	1,150,118
Materials and services	25,231,781	25,667,864	24,774,282	893,582
Capital outlay	179,640	245,473	22,045	223,428
Contingency	4,980,767	5,839,152	-	5,839,152
Total expenditures	57,048,157	58,451,942	50,345,662	8,106,280
OTHER FINANCING SOURCES (USES):				
Transfers in	4,484,446	4,484,446	4,483,866	(580)
Transfers out	(16,500)	(16,500)	(14,952)	1,548
Total other financing sources (uses)	4,467,946	4,467,946	4,468,914	968
Net change in fund balance	(5,578,910)	(5,617,630)	3,773,165	9,390,795
FUND BALANCE - beginning	9,389,856	10,170,018	10,170,018	-
FUND BALANCE - ending	\$ 3,810,946	\$ 4,552,388	\$ 13,943,183	\$ 9,390,795

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LOTTERY DISTRIBUTION FUND

For the year ended June 30, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,170,000	\$ 1,170,000	\$ 1,464,136	\$ 294,136
Interest	331	331	2,575	2,244
Other	76,892	76,892	146,329	69,437
Total revenues	1,247,223	1,247,223	1,613,040	365,817
EXPENDITURES:				
Materials and services	445,148	445,148	272,594	172,554
Debt service - principal	410,953	410,953	410,953	-
Debt service - interest	141,111	141,111	141,111	-
Contingency	146,801	146,801	-	146,801
Total expenditures	1,144,013	1,144,013	824,658	319,355
OTHER FINANCING SOURCES (USES):				
Transfers out	(324,000)	(324,000)	(324,000)	-
Net change in fund balance	(220,790)	(220,790)	464,382	685,172
FUND BALANCE - beginning	220,790	220,790	257,208	36,418
FUND BALANCE - ending	\$ -	\$ -	\$ 721,590	\$ 721,590

MARION COUNTY, OREGON

OTHER POST-EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2012

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as % of Payroll</u>
7/1/2007	\$ -	\$ 22,601,218	\$ 22,601,218	0.0%	\$ 61,919,333	36.5%
7/1/2009	\$ -	\$ 28,117,581	\$ 28,117,581	0.0%	\$ 62,424,328	45.0%
7/1/2011	\$ -	\$ 31,387,612	\$ 31,387,612	0.0%	\$ 74,519,598	42.1%



## SUPPLEMENTARY INFORMATION

## BUDGETARY FUNDS REPORTED AS GENERAL OPERATING FUND

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
CH2 Redevelopment	Electricity revenues, reimbursements from other governments and interfund transfers.	Accounts for discovery, relocation, remediation, litigation and operating costs of the Courthouse Square complex during redevelopment.
Traffic Safety Team	Traffic fines.	Accounts for operations of the County's traffic safety team.
Inmate Welfare	Vending machine and pay phone charges.	Accounts for the operation of the jail commissary.
Rainy Day	Investment earnings.	Accounts for resources set aside for financial emergencies.
Health IDS Reserve	Transfers from the Health Fund.	Accounts for resources set aside to cover future revenue shortfalls for Integrated Delivery System mental health services.

## NONMAJOR GOVERNMENTAL FUNDS

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
Non-Departmental Grants	Federal and state grants.	Accounts for multi-departmental grant programs.
County Clerk Records	Recording fees.	Accounts for equipment needs of the County Clerk's office.
Juvenile Grants	Federal and state grants.	Accounts for grant programs administered by the Juvenile department.
Tax Title Land Sales	Proceeds from the sale of tax foreclosed property.	Accounts for the disposition of proceeds from the sale of tax foreclosed property.
Children & Families	Federal and state grants.	Accounts for grant programs administered by the Children & Families department.
Community Development Block Grant	Federal and state grants.	Accounts for various development programs and rehabilitation loans to citizens.
Community Corrections	State grants and charges for services.	Accounts for the operations of the community corrections program.
Criminal Justice Assessment	Assessments from court fines.	Accounts for County assessments for criminal justice programs and court security.
County Schools	Federal forest revenues and state shared revenues.	Accounts for support provided to schools in accordance with ORS 328.005 to 328.035.
Child Support	Federal and state grants and incentives.	Accounts for the enforcement of court-ordered spousal and child support.

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
Dog Control	License and adoption fees; transfers from the General Fund.	Accounts for the county's animal control activities and dog shelter operations.
Liquor Law Enforcement	Fines and forfeitures.	Accounts for the liquor law enforcement program.
Sheriff Grants	Federal and state grants, contracts with the state and other agencies.	Accounts for marine patrols on County waterways, security provided for other agencies, and grant programs administered by the Sheriff's office.
Law Library	Library fees.	Accounts for the operation of the law library.
County Fair	Admissions, state shared revenues, and local sponsorships.	Accounts for the operation of the annual County Fair.
District Attorney Grants	Federal, state and local grants.	Accounts for grant programs administered by the District Attorney's office.
Land Use Planning	Planning fees and transfers from other funds.	Accounts for operations of the County's land use planning division.
Parks	Recreational vehicle registration fees.	Accounts for maintenance and improvement of County parks.
Surveyor	Corner restoration fees.	Accounts for the operations of the County Surveyor's office.
Building Inspection	Building permit fees.	Accounts for building inspection activities.
Debt Service	Internal assessments and transfers from the General Fund.	Accounts for payment of principal and interest on long-term obligations of governmental funds.
Capital Building & Equipment	Transfers from the General Fund and other funds.	Accounts for resources set aside for future capital improvements.
Health Building Reserve	Transfers from the Health Fund.	Accounts for resources set aside for future acquisition and construction of health facilities.
Facility Renovation	Transfers from the General Fund and other funds.	Accounts for various facility renovation projects.
Capital Improvement Projects	Transfers from the General Fund and other funds.	Accounts for various capital projects and acquisitions.
Courthouse Square Remediation	Electricity revenues, reimbursements from other governments, insurance proceeds, and interfund transfers.	Accounts for remediation of the Courthouse Square complex.

## MARION COUNTY, OREGON

COMBINING BALANCE SHEET  
BUDGETARY FUNDS REPORTED AS GENERAL OPERATING FUND

June 30, 2012

	Budgetary Funds						Total General Operating Fund
	General Fund	CH2 Redevelop -ment	Traffic Safety Team	Inmate Welfare	Rainy Day	Health IDS Reserve	
ASSETS:							
Cash and investments	\$ 9,479,756	\$ 378,210	\$ 756,121	\$ 201,322	\$ 2,173,086	\$ 2,005,477	\$ 14,993,972
Receivables:							
Accounts	699,995	765,537	5,534	108,169	-	-	1,579,235
Interest	76,107	20,212	3,302	706	7,953	7,213	115,493
Taxes	4,327,958	-	-	-	-	-	4,327,958
Inventories and prepaids	19,284	-	-	-	-	-	19,284
Total assets	<u>\$ 14,603,100</u>	<u>\$ 1,163,959</u>	<u>\$ 764,957</u>	<u>\$ 310,197</u>	<u>\$ 2,181,039</u>	<u>\$ 2,012,690</u>	<u>\$ 21,035,942</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ 519,595	\$ 1,760	\$ 2,144	\$ 7,183	\$ -	\$ -	\$ 530,682
Payroll related liabilities	2,138,885	-	50,461	9,865	-	-	2,199,211
Deposits	6,296	-	-	66,712	-	-	73,008
Due to other funds	560,000	-	-	-	-	-	560,000
Deferred revenue	3,813,276	-	-	-	-	-	3,813,276
Total liabilities	<u>7,038,052</u>	<u>1,760</u>	<u>52,605</u>	<u>83,760</u>	<u>-</u>	<u>-</u>	<u>7,176,177</u>
Fund Balances:							
Nonspendable	19,284	-	-	-	-	-	19,284
Restricted	-	-	-	-	-	2,000,000	2,000,000
Committed	-	-	-	-	2,181,039	12,690	2,193,729
Assigned	-	1,162,199	712,352	226,437	-	-	2,100,988
Unassigned	7,545,764	-	-	-	-	-	7,545,764
Total fund balances	<u>7,565,048</u>	<u>1,162,199</u>	<u>712,352</u>	<u>226,437</u>	<u>2,181,039</u>	<u>2,012,690</u>	<u>13,859,765</u>
Total liabilities and fund balances	<u>\$ 14,603,100</u>	<u>\$ 1,163,959</u>	<u>\$ 764,957</u>	<u>\$ 310,197</u>	<u>\$ 2,181,039</u>	<u>\$ 2,012,690</u>	<u>\$ 21,035,942</u>

## MARION COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGETARY FUNDS REPORTED AS GENERAL OPERATING FUND

For the year ended June 30, 2012

	Budgetary Funds						Total General Operating Fund
	General Fund	CH2 Redevelop- -ment	Traffic Safety Team	Inmate Welfare	Rainy Day	Health IDS Reserve	
REVENUES:							
Taxes	\$ 56,931,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,931,645
Licenses and permits	59,025	-	-	-	-	-	59,025
Intergovernmental	4,754,812	-	52,558	-	-	-	4,807,370
Charges for services	3,814,500	4,870,797	126	367,324	-	-	9,052,747
Fines and forfeitures	227,951	-	1,708,881	-	-	-	1,936,832
Interest	440,073	18,192	3,010	812	15,682	12,690	490,459
Other	18,292	-	-	-	-	-	18,292
Total revenues	66,246,298	4,888,989	1,764,575	368,136	15,682	12,690	73,296,370
EXPENDITURES:							
Current:							
General government	9,487,390	627,844	-	-	1,850,440	-	11,965,674
Public safety and judicial	49,954,608	-	1,468,585	293,813	-	-	51,717,006
Debt service:							
Interest	14,130	-	-	-	-	-	14,130
Capital outlay	15,199	-	7,122	22,944	-	-	45,265
Total expenditures	59,471,327	627,844	1,475,707	316,757	1,850,440	-	63,742,075
OTHER FINANCING SOURCES (USES):							
Transfers in	3,734,946	-	-	-	-	-	3,734,946
Transfers out	(10,947,312)	(6,534,564)	-	-	-	(1,017,420)	(18,499,296)
Total other financing sources (uses)	(7,212,366)	(6,534,564)	-	-	-	(1,017,420)	(14,764,350)
Net change in fund balances	(437,395)	(2,273,419)	288,868	51,379	(1,834,758)	(1,004,730)	(5,210,055)
FUND BALANCE - beginning	8,002,443	3,435,618	423,484	175,058	4,015,797	3,017,420	19,069,820
FUND BALANCE - ending	\$ 7,565,048	\$ 1,162,199	\$ 712,352	\$ 226,437	\$ 2,181,039	\$ 2,012,690	\$ 13,859,765

MARION COUNTY, OREGON  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue Funds													
	Non- Departmental Grants	County Clerk Records	Juvenile Grants	Tax Title Land Sales	Children & Families	Community Development Block Grant	Community Corrections	Criminal Justice Assessment	County Schools	Child Support	Dog Control	Liquor Law Enforcement	Sheriff Grants	Law Library
ASSETS:														
Cash and investments	\$ 792,049	\$ 37,875	\$ -	\$ 88,331	\$ 686,846	\$ 43,956	\$ 1,350,682	\$ 828,496	\$ 24,324	\$ -	\$ 61,435	\$ 20,798	\$ 46,890	\$ 439,271
Receivables:														
Accounts	-	-	615,919	-	214,009	-	24,117	9,283	125	268,275	84	1,982	444,514	118
Interest	3,025	123	-	317	2,427	158	3,981	3,694	87	-	284	-	-	1,567
Loans	-	-	-	135,517	-	93,222	-	-	-	-	-	-	-	-
Inventories and prepaids	-	-	19,103	-	-	-	-	-	-	-	4,370	-	10,169	-
Total assets	<u>\$ 795,074</u>	<u>\$ 37,998</u>	<u>\$ 635,022</u>	<u>\$ 224,165</u>	<u>\$ 903,282</u>	<u>\$ 137,336</u>	<u>\$ 1,378,780</u>	<u>\$ 841,473</u>	<u>\$ 24,536</u>	<u>\$ 268,275</u>	<u>\$ 66,173</u>	<u>\$ 22,780</u>	<u>\$ 501,573</u>	<u>\$ 440,956</u>
LIABILITIES AND FUND BALANCES:														
Liabilities:														
Accounts payable	\$ -	\$ 196	\$ 377,113	\$ 38	\$ 375,369	\$ -	\$ 64,617	\$ 19,011	\$ -	\$ 196,500	\$ 8,650	\$ -	\$ 69,473	\$ 13,806
Payroll related liabilities	-	3,475	115,856	-	30,539	-	327,400	-	-	60,553	30,765	-	95,070	7,071
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	3,044	-
Deferred revenue	-	-	-	135,517	-	93,222	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,671</u>	<u>492,969</u>	<u>135,555</u>	<u>405,908</u>	<u>93,222</u>	<u>392,017</u>	<u>19,011</u>	<u>-</u>	<u>257,053</u>	<u>39,415</u>	<u>-</u>	<u>167,587</u>	<u>20,877</u>
Fund Balances:														
Nonspendable	-	-	19,103	-	-	-	-	-	-	-	4,370	-	10,169	-
Restricted	795,074	34,327	35,407	88,610	172,315	44,114	69,687	822,462	24,536	11,222	-	22,780	117,213	420,079
Committed	-	-	-	-	-	-	-	-	-	-	-	-	27,576	-
Assigned	-	-	87,543	-	325,059	-	917,076	-	-	-	22,388	-	179,028	-
Total fund balances	<u>795,074</u>	<u>34,327</u>	<u>142,053</u>	<u>88,610</u>	<u>497,374</u>	<u>44,114</u>	<u>986,763</u>	<u>822,462</u>	<u>24,536</u>	<u>11,222</u>	<u>26,758</u>	<u>22,780</u>	<u>333,986</u>	<u>420,079</u>
Total liabilities and fund balances	<u>\$ 795,074</u>	<u>\$ 37,998</u>	<u>\$ 635,022</u>	<u>\$ 224,165</u>	<u>\$ 903,282</u>	<u>\$ 137,336</u>	<u>\$ 1,378,780</u>	<u>\$ 841,473</u>	<u>\$ 24,536</u>	<u>\$ 268,275</u>	<u>\$ 66,173</u>	<u>\$ 22,780</u>	<u>\$ 501,573</u>	<u>\$ 440,956</u>

(Continued on following page)

MARION COUNTY, OREGON  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (Continued)

June 30, 2012

	Special Revenue Funds						Debt	Capital Projects Funds				Courthouse	Total
	County	District	Land Use	Parks	Surveyor	Building	Service	Capital	Health	Facility	Capital	Square	Nonmajor
	Fair	Attorney	Planning			Inspection	Fund	Building &	Building	Renovation	Improvement	Remediation	Governmental
		Grants						Equipment	Reserve		Projects		Funds
ASSETS:													
Cash and investments	\$ 46,468	\$ -	\$ 90,324	\$ 125,438	\$ 1,396,353	\$ 659,895	\$ 387,975	\$ 1,231,109	\$ 781,631	\$ 91,589	\$ 2,441,090	\$ 6,534,564	\$ 18,207,389
Receivables:													
Accounts	670	156,046	-	62,878	1,816	31,288	-	-	-	-	-	12,721	1,843,845
Interest	193	-	264	492	4,996	2,209	1,154	1,871	2,811	877	2,371	-	32,901
Loans	-	-	-	-	-	-	-	-	-	-	-	-	228,739
Inventories and prepaids	-	-	-	-	-	-	-	-	-	-	-	-	33,642
Total assets	<u>\$ 47,331</u>	<u>\$ 156,046</u>	<u>\$ 90,588</u>	<u>\$ 188,808</u>	<u>\$ 1,403,165</u>	<u>\$ 693,392</u>	<u>\$ 389,129</u>	<u>\$ 1,232,980</u>	<u>\$ 784,442</u>	<u>\$ 92,466</u>	<u>\$ 2,443,461</u>	<u>\$ 6,547,285</u>	<u>\$ 20,346,516</u>
LIABILITIES AND FUND													
BALANCES:													
Liabilities:													
Accounts payable	\$ 10,684	\$ 106,669	\$ 40	\$ 1,211	\$ -	\$ 13,798	\$ -	\$ -	\$ -	\$ 2,064	\$ 293,007	\$ 39,753	\$ 1,591,999
Payroll related liabilities	908	18,262	27,805	5,581	16,588	73,542	-	-	-	-	-	-	813,415
Deposits	-	-	-	-	42,666	-	-	-	-	-	-	-	45,710
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	228,739
Total liabilities	<u>11,592</u>	<u>124,931</u>	<u>27,845</u>	<u>6,792</u>	<u>59,254</u>	<u>87,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,064</u>	<u>293,007</u>	<u>39,753</u>	<u>2,679,863</u>
Fund Balances:													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	33,642
Restricted	-	29,242	-	-	1,276,716	-	-	-	-	89,369	-	-	4,053,153
Committed	-	-	-	35,950	-	-	-	1,232,980	784,442	-	-	-	2,080,948
Assigned	35,739	1,873	62,743	146,066	67,195	606,052	389,129	-	-	1,033	2,150,454	6,507,532	11,498,910
Total fund balances	<u>35,739</u>	<u>31,115</u>	<u>62,743</u>	<u>182,016</u>	<u>1,343,911</u>	<u>606,052</u>	<u>389,129</u>	<u>1,232,980</u>	<u>784,442</u>	<u>90,402</u>	<u>2,150,454</u>	<u>6,507,532</u>	<u>17,666,653</u>
Total liabilities and fund balances	<u>\$ 47,331</u>	<u>\$ 156,046</u>	<u>\$ 90,588</u>	<u>\$ 188,808</u>	<u>\$ 1,403,165</u>	<u>\$ 693,392</u>	<u>\$ 389,129</u>	<u>\$ 1,232,980</u>	<u>\$ 784,442</u>	<u>\$ 92,466</u>	<u>\$ 2,443,461</u>	<u>\$ 6,547,285</u>	<u>\$ 20,346,516</u>

## MARION COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2012

	Special Revenue Funds													
	Non- Departmental Grants	County Clerk Records	Juvenile Grants	Tax Title Land Sales	Children & Families	Community Development Block Grant	Community Corrections	Criminal Justice Assessment	County Schools	Child Support	Dog Control	Liquor Law Enforcement	Sheriff Grants	Law Library
REVENUES:														
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,117	\$ -	\$ 19,145	\$ -
Intergovernmental	323,471	-	1,038,400	-	2,063,577	-	10,564,010	-	633,381	1,141,487	-	-	1,407,832	-
Charges for services	-	112,013	887,786	99,128	978	-	890,114	-	-	21,788	107,012	-	776,808	274,766
Fines and forfeitures	-	-	9,013	-	-	-	-	851,928	2,574	-	5,962	36,279	23,676	-
Interest	4,794	220	56	16,303	3,443	345	12,111	4,299	994	-	367	-	148	2,127
Other	11,000	-	8,112	110,253	13,014	31,707	28	-	-	-	30,824	-	23,709	752
Total revenues	339,265	112,233	1,943,367	225,684	2,081,012	32,052	11,466,263	856,227	636,949	1,163,275	557,282	36,279	2,251,318	277,645
EXPENDITURES:														
Current:														
General government	-	113,356	-	170,862	-	-	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	2,337,043	-	-	-	-	1,458,160	-	-	-	-
Public safety and judicial	-	-	2,967,105	-	-	-	8,823,687	256,936	-	-	1,187,237	-	2,674,301	267,687
Community service	188,121	-	-	-	-	223	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	860,305	-	-	-	-	-
Debt service:														
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	71,619	-	-	-	-	-	-	-	-	-	12,288	-
Total expenditures	188,121	113,356	3,038,724	170,862	2,337,043	223	8,823,687	256,936	860,305	1,458,160	1,187,237	-	2,686,589	267,687
OTHER FINANCING SOURCES (USES):														
Transfers in	-	-	996,967	-	209,763	-	153,111	-	-	306,100	622,436	-	489,448	-
Transfers out	(356,201)	-	-	(41,601)	-	-	(3,507,440)	(459,333)	-	-	-	(35,386)	-	-
Total other financing sources (uses)	(356,201)	-	996,967	(41,601)	209,763	-	(3,354,329)	(459,333)	-	306,100	622,436	(35,386)	489,448	-
Net change in fund balances	(205,057)	(1,123)	(98,390)	13,221	(46,268)	31,829	(711,753)	139,958	(223,356)	11,215	(7,519)	893	54,177	9,958
FUND BALANCE - beginning	1,000,131	35,450	240,443	75,389	543,642	12,285	1,698,516	682,504	247,892	7	34,277	21,887	279,809	410,121
FUND BALANCE - ending	\$ 795,074	\$ 34,327	\$ 142,053	\$ 88,610	\$ 497,374	\$ 44,114	\$ 986,763	\$ 822,462	\$ 24,536	\$ 11,222	\$ 26,758	\$ 22,780	\$ 333,986	\$ 420,079

(Continued on following page)



## MARION COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (Continued)

For the year ended June 30, 2012

	Special Revenue Funds						Debt	Capital Projects Funds					Total
	County	District	Land Use	Parks	Surveyor	Building	Service	Capital	Health	Facility	Capital	Courthouse	Nonmajor
	Fair	Attorney	Planning			Inspection	Fund	Building &	Building	Renovation	Improvement	Square	Governmental
		Grants						Equipment	Reserve		Projects	Remediation	Funds
REVENUES:													
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,593,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,025,743
Intergovernmental	50,002	477,242	-	211,043	14,171	-	-	-	-	52,664	107,437	-	18,084,717
Charges for services	189,441	-	186,040	9,716	450,885	150	3,302,661	-	-	-	-	-	7,309,286
Fines and forfeitures	-	980	-	-	-	-	-	-	-	-	-	-	930,412
Interest	132	95	330	857	7,255	4,175	3,579	2,572	3,866	2,515	7,372	-	77,955
Other	15,204	1,553	-	1,045	1	-	-	-	-	-	-	12,721	259,923
Total revenues	254,779	479,870	186,370	222,661	472,312	1,597,806	3,306,240	2,572	3,866	55,179	114,809	12,721	28,688,036
EXPENDITURES:													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	284,218
Health and social services	-	-	-	-	-	-	-	-	-	-	-	-	3,795,203
Public safety and judicial	-	566,395	-	-	-	-	-	-	-	-	-	-	16,743,348
Community service	345,030	-	1,137,132	208,872	-	1,905,298	-	-	-	-	-	-	3,784,676
Roads and bridges	-	-	-	-	551,263	-	-	-	-	-	-	-	551,263
Education	-	-	-	-	-	-	-	-	-	-	-	-	860,305
Debt service:													
Principal	-	-	-	-	-	-	1,805,000	-	-	-	-	-	1,805,000
Interest	-	-	-	-	-	-	3,141,596	-	-	-	-	-	3,141,596
Capital outlay	-	-	-	29,868	-	-	-	-	-	492,231	1,720,479	39,753	2,366,238
Total expenditures	345,030	566,395	1,137,132	238,740	551,263	1,905,298	4,946,596	-	-	492,231	1,720,479	39,753	33,331,847
OTHER FINANCING SOURCES (USES):													
Transfers in	80,000	100,007	988,834	-	-	-	1,551,025	711,000	-	-	1,764,914	6,534,564	14,508,169
Transfers out	-	-	-	-	-	-	-	-	-	(145,796)	-	-	(4,545,757)
Total other financing sources (uses)	80,000	100,007	988,834	-	-	-	1,551,025	711,000	-	(145,796)	1,764,914	6,534,564	9,962,412
Net change in fund balances	(10,251)	13,482	38,072	(16,079)	(78,951)	(307,492)	(89,331)	713,572	3,866	(582,848)	159,244	6,507,532	5,318,601
FUND BALANCE - beginning	45,990	17,633	24,671	198,095	1,422,862	913,544	478,460	519,408	780,576	673,250	1,991,210	-	12,348,052
FUND BALANCE - ending	\$ 35,739	\$ 31,115	\$ 62,743	\$ 182,016	\$ 1,343,911	\$ 606,052	\$ 389,129	\$ 1,232,980	\$ 784,442	\$ 90,402	\$ 2,150,454	\$ 6,507,532	\$ 17,666,653

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CH2 REDEVELOPMENT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 4,800,000	\$ 4,870,797	\$ 70,797
Interest	-	18,192	18,192
Other	1,440,000	-	(1,440,000)
Total revenues	6,240,000	4,888,989	(1,351,011)
EXPENDITURES:			
Materials and services	1,089,554	627,844	461,710
Contingency	68,000	-	68,000
Total expenditures	1,157,554	627,844	529,710
OTHER FINANCING SOURCES (USES):			
Transfers out	(6,534,564)	(6,534,564)	-
Net change in fund balance	(1,452,118)	(2,273,419)	(821,301)
FUND BALANCE - beginning	3,435,618	3,435,618	-
FUND BALANCE - ending, budgetary basis	\$ 1,983,500	1,162,199	\$ (821,301)
Combined with General Fund		(1,162,199)	
FUND BALANCE - ending, GAAP basis		\$ -	

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TRAFFIC SAFETY TEAM FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 82,548	\$ 52,558	\$ (29,990)
Charges for services	-	126	126
Fines and forfeitures	1,285,095	1,708,881	423,786
Interest	-	3,010	3,010
Total revenues	<u>1,367,643</u>	<u>1,764,575</u>	<u>396,932</u>
EXPENDITURES:			
Personal services	1,105,429	992,497	112,932
Materials and services	568,343	476,088	92,255
Capital outlay	7,478	7,122	356
Contingency	<u>109,878</u>	<u>-</u>	<u>109,878</u>
Total expenditures	<u>1,791,128</u>	<u>1,475,707</u>	<u>315,421</u>
Net change in fund balance	(423,485)	288,868	712,353
FUND BALANCE - beginning	<u>423,485</u>	<u>423,484</u>	<u>(1)</u>
FUND BALANCE - ending, budgetary basis	<u>\$ -</u>	712,352	<u>\$ 712,352</u>
Combined with General Fund		<u>(712,352)</u>	
FUND BALANCE - ending, GAAP basis		<u>\$ -</u>	

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
INMATE WELFARE FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 334,119	\$ 367,324	\$ 33,205
Interest	-	812	812
Total revenues	<u>334,119</u>	<u>368,136</u>	<u>34,017</u>
EXPENDITURES:			
Personal services	197,606	199,159	(1,553)
Materials and services	157,416	94,654	62,762
Capital outlay	66,400	22,944	43,456
Contingency	<u>87,755</u>	<u>-</u>	<u>87,755</u>
Total expenditures	<u>509,177</u>	<u>316,757</u>	<u>192,420</u>
Net change in fund balance	(175,058)	51,379	226,437
FUND BALANCE - beginning	<u>175,058</u>	<u>175,058</u>	<u>-</u>
FUND BALANCE - ending, budgetary basis	<u>\$ -</u>	226,437	<u>\$ 226,437</u>
Combined with General Fund		<u>(226,437)</u>	
FUND BALANCE - ending, GAAP basis		<u>\$ -</u>	

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
RAINY DAY FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 10,800	\$ 15,682	\$ 4,882
EXPENDITURES:			
Personal services	2,000,000	1,850,440	149,560
Reserves	2,024,800	-	2,024,800
Total expenditures	4,024,800	1,850,440	2,174,360
Net change in fund balance	(4,014,000)	(1,834,758)	2,179,242
FUND BALANCE - beginning	4,014,000	4,015,797	1,797
FUND BALANCE - ending, budgetary basis	\$ -	2,181,039	\$ 2,181,039
Combined with General Fund		(2,181,039)	
FUND BALANCE - ending, GAAP basis		\$ -	

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
HEALTH IDS RESERVE FUND

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest	<u>\$ 16,000</u>	<u>\$ 12,690</u>	<u>\$ (3,310)</u>
EXPENDITURES:			
Reserves	<u>2,016,000</u>	<u>-</u>	<u>2,016,000</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(1,018,000)</u>	<u>(1,017,420)</u>	<u>580</u>
Net change in fund balance	(3,018,000)	(1,004,730)	2,013,270
FUND BALANCE - beginning	<u>3,018,000</u>	<u>3,017,420</u>	<u>(580)</u>
FUND BALANCE - ending, budgetary basis	<u>\$ -</u>	2,012,690	<u>\$ 2,012,690</u>
Combined with General Fund		<u>(2,012,690)</u>	
FUND BALANCE - ending, GAAP basis		<u>\$ -</u>	

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NON-DEPARTMENTAL GRANTS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 335,785	\$ 323,471	\$ (12,314)
Interest	-	4,794	4,794
Other	10,000	11,000	1,000
Total revenues	345,785	339,265	(6,520)
EXPENDITURES:			
Materials and services	191,324	188,121	3,203
Contingency	43,795	-	43,795
Total expenditures	235,119	188,121	46,998
OTHER FINANCING SOURCES (USES):			
Transfers out	(367,861)	(356,201)	11,660
Net change in fund balance	(257,195)	(205,057)	52,138
FUND BALANCE - beginning	641,160	1,000,131	358,971
FUND BALANCE - ending	\$ 383,965	\$ 795,074	\$ 411,109

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COUNTY CLERK RECORDS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 132,416	\$ 112,013	\$ (20,403)
Interest	257	220	(37)
Total revenues	132,673	112,233	(20,440)
EXPENDITURES:			
Personal services	64,921	65,886	(965)
Materials and services	105,691	47,470	58,221
Contingency	1,686	-	1,686
Total expenditures	172,298	113,356	58,942
Net change in fund balance	(39,625)	(1,123)	38,502
FUND BALANCE - beginning	39,625	35,450	(4,175)
FUND BALANCE - ending	\$ -	\$ 34,327	\$ 34,327



## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
JUVENILE GRANTS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 1,105,415	\$ 1,038,400	\$ (67,015)
Charges for services	899,485	887,786	(11,699)
Fines and forfeitures	-	9,013	9,013
Interest	-	56	56
Other	10,048	8,112	(1,936)
Total revenues	<u>2,014,948</u>	<u>1,943,367</u>	<u>(71,581)</u>
EXPENDITURES:			
Personal services	2,465,328	2,387,633	77,695
Materials and services	661,320	579,472	81,848
Capital outlay	92,467	71,619	20,848
Contingency	73,735	-	73,735
Total expenditures	<u>3,292,850</u>	<u>3,038,724</u>	<u>254,126</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>1,037,728</u>	<u>996,967</u>	<u>(40,761)</u>
Net change in fund balance	(240,174)	(98,390)	141,784
FUND BALANCE - beginning	<u>240,174</u>	<u>240,443</u>	<u>269</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ 142,053</u></u>	<u><u>\$ 142,053</u></u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TAX TITLE LAND SALES FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 200,000	\$ 99,128	\$ (100,872)
Interest	11,401	16,303	4,902
Other	<u>107,000</u>	<u>110,253</u>	<u>3,253</u>
Total revenues	<u>318,401</u>	<u>225,684</u>	<u>(92,717)</u>
EXPENDITURES:			
Materials and services	34,489	26,206	8,283
Special payments	239,922	144,656	95,266
Contingency	<u>6,490</u>	<u>-</u>	<u>6,490</u>
Total expenditures	<u>280,901</u>	<u>170,862</u>	<u>110,039</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(41,601)</u>	<u>(41,601)</u>	<u>-</u>
Net change in fund balance	(4,101)	13,221	17,322
FUND BALANCE - beginning	<u>75,390</u>	<u>75,389</u>	<u>(1)</u>
FUND BALANCE - ending	<u><u>\$ 71,289</u></u>	<u><u>\$ 88,610</u></u>	<u><u>\$ 17,321</u></u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CHILDREN & FAMILIES FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 2,248,693	\$ 2,063,577	\$ (185,116)
Charges for services	908	978	70
Interest	3,850	3,443	(407)
Other	7,611	13,014	5,403
	<u>2,261,062</u>	<u>2,081,012</u>	<u>(180,050)</u>
Total revenues			
EXPENDITURES:			
Personal services	686,486	621,946	64,540
Materials and services	2,059,954	1,715,097	344,857
Contingency	268,027	-	268,027
	<u>3,014,467</u>	<u>2,337,043</u>	<u>677,424</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	209,763	209,763	-
	<u>209,763</u>	<u>209,763</u>	<u>-</u>
Net change in fund balance	(543,642)	(46,268)	497,374
FUND BALANCE - beginning	543,642	543,642	-
	<u>543,642</u>	<u>543,642</u>	<u>-</u>
FUND BALANCE - ending	\$ -	\$ 497,374	\$ 497,374
	<u>\$ -</u>	<u>\$ 497,374</u>	<u>\$ 497,374</u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 195	\$ 345	\$ 150
Other	6,503	31,707	25,204
Total revenues	6,698	32,052	25,354
EXPENDITURES:			
Materials and services	18,789	223	18,566
Net change in fund balance	(12,091)	31,829	43,920
FUND BALANCE - beginning	12,091	12,285	194
FUND BALANCE - ending	\$ -	\$ 44,114	\$ 44,114

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY CORRECTIONS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 10,555,269	\$ 10,564,010	\$ 8,741
Charges for services	884,829	890,114	5,285
Interest	24,500	12,111	(12,389)
Other	-	28	28
	<u>11,464,598</u>	<u>11,466,263</u>	<u>1,665</u>
Total revenues			
EXPENDITURES:			
Personal services	7,170,583	6,637,110	533,473
Materials and services	2,568,189	2,186,577	381,612
Contingency	110,774	-	110,774
	<u>9,849,546</u>	<u>8,823,687</u>	<u>1,025,859</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	193,872	153,111	(40,761)
Transfers out	(3,507,440)	(3,507,440)	-
	<u>(3,313,568)</u>	<u>(3,354,329)</u>	<u>(40,761)</u>
Total other financing sources (uses)			
Net change in fund balance	(1,698,516)	(711,753)	986,763
FUND BALANCE - beginning	<u>1,698,516</u>	<u>1,698,516</u>	<u>-</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ 986,763</u>	<u>\$ 986,763</u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CRIMINAL JUSTICE ASSESSMENT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Fines and forfeitures	\$ 977,000	\$ 851,928	\$ (125,072)
Interest	944	4,299	3,355
Total revenues	977,944	856,227	(121,717)
EXPENDITURES:			
Materials and services	275,105	256,936	18,169
Capital outlay	15,000	-	15,000
Contingency	20,000	-	20,000
Total expenditures	310,105	256,936	53,169
OTHER FINANCING SOURCES (USES):			
Transfers out	(581,615)	(459,333)	122,282
Net change in fund balance	86,224	139,958	53,734
FUND BALANCE - beginning	629,374	682,504	53,130
FUND BALANCE - ending	\$ 715,598	\$ 822,462	\$ 106,864

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COUNTY SCHOOLS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 910,919	\$ 633,381	\$ (277,538)
Fines and forfeitures	1,300	2,574	1,274
Interest	1,209	994	(215)
Total revenues	913,428	636,949	(276,479)
EXPENDITURES:			
Special payments	1,161,320	860,305	301,015
Net change in fund balance	(247,892)	(223,356)	24,536
FUND BALANCE - beginning	247,892	247,892	-
FUND BALANCE - ending	\$ -	\$ 24,536	\$ 24,536

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CHILD SUPPORT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 1,168,974	\$ 1,141,487	\$ (27,487)
Charges for services	20,000	21,788	1,788
Total revenues	<u>1,188,974</u>	<u>1,163,275</u>	<u>(25,699)</u>
EXPENDITURES:			
Personal services	1,238,442	1,221,364	17,078
Materials and services	<u>256,632</u>	<u>236,796</u>	<u>19,836</u>
Total expenditures	<u>1,495,074</u>	<u>1,458,160</u>	<u>36,914</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>306,100</u>	<u>306,100</u>	<u>-</u>
Net change in fund balance	-	11,215	11,215
FUND BALANCE - beginning	<u>-</u>	<u>7</u>	<u>7</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ 11,222</u></u>	<u><u>\$ 11,222</u></u>



## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DOG CONTROL FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Licenses and permits	\$ 410,000	\$ 413,117	\$ 3,117
Charges for services	121,500	107,012	(14,488)
Fines and forfeitures	10,000	5,962	(4,038)
Interest	374	367	(7)
Other	17,750	30,824	13,074
	<u>559,624</u>	<u>557,282</u>	<u>(2,342)</u>
Total revenues			
EXPENDITURES:			
Personal services	689,396	662,264	27,132
Materials and services	571,304	524,973	46,331
Contingency	187	-	187
	<u>1,260,887</u>	<u>1,187,237</u>	<u>73,650</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	663,819	622,436	(41,383)
	<u>663,819</u>	<u>622,436</u>	<u>(41,383)</u>
Net change in fund balance	(37,444)	(7,519)	29,925
FUND BALANCE - beginning	37,444	34,277	(3,167)
	<u>37,444</u>	<u>34,277</u>	<u>(3,167)</u>
FUND BALANCE - ending	\$ -	\$ 26,758	\$ 26,758
	<u>\$ -</u>	<u>\$ 26,758</u>	<u>\$ 26,758</u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LIQUOR LAW ENFORCEMENT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Fines and forfeitures	\$ 62,000	\$ 36,279	\$ (25,721)
OTHER FINANCING SOURCES (USES):			
Transfers out	(60,000)	(35,386)	24,614
Net change in fund balance	2,000	893	(1,107)
FUND BALANCE - beginning	-	21,887	21,887
FUND BALANCE - ending	\$ 2,000	\$ 22,780	\$ 20,780

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SHERIFF GRANTS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Licenses and permits	\$ 20,000	\$ 19,145	\$ (855)
Intergovernmental	1,517,083	1,407,832	(109,251)
Charges for services	714,682	776,808	62,126
Fines and forfeitures	19,725	23,676	3,951
Interest	-	148	148
Other	17,620	23,709	6,089
	<u>2,289,110</u>	<u>2,251,318</u>	<u>(37,792)</u>
Total revenues			
EXPENDITURES:			
Personal services	1,752,965	1,677,742	75,223
Materials and services	1,141,652	996,559	145,093
Capital outlay	26,630	12,288	14,342
Contingency	123,920	-	123,920
	<u>3,045,167</u>	<u>2,686,589</u>	<u>358,578</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	502,319	489,448	(12,871)
	<u>(253,738)</u>	<u>54,177</u>	<u>307,915</u>
Net change in fund balance			
FUND BALANCE - beginning	253,738	279,809	26,071
	<u>253,738</u>	<u>279,809</u>	<u>26,071</u>
FUND BALANCE - ending	\$ -	\$ 333,986	\$ 333,986
	<u>\$ -</u>	<u>\$ 333,986</u>	<u>\$ 333,986</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LAW LIBRARY FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 275,000	\$ 274,766	\$ (234)
Interest	2,000	2,127	127
Other	750	752	2
	<u>277,750</u>	<u>277,645</u>	<u>(105)</u>
Total revenues			
EXPENDITURES:			
Personal services	152,548	150,234	2,314
Materials and services	138,466	117,453	21,013
Contingency	75,000	-	75,000
	<u>366,014</u>	<u>267,687</u>	<u>98,327</u>
Total expenditures			
Net change in fund balance	(88,264)	9,958	98,222
FUND BALANCE - beginning	<u>329,464</u>	<u>410,121</u>	<u>80,657</u>
FUND BALANCE - ending	<u>\$ 241,200</u>	<u>\$ 420,079</u>	<u>\$ 178,879</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COUNTY FAIR FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 49,931	\$ 50,002	\$ 71
Charges for services	164,700	189,441	24,741
Interest	100	132	32
Other	16,000	15,204	(796)
	<u>230,731</u>	<u>254,779</u>	<u>24,048</u>
Total revenues			
EXPENDITURES:			
Personal services	6,238	4,457	1,781
Materials and services	327,217	340,573	(13,356)
Contingency	6,331	-	6,331
	<u>339,786</u>	<u>345,030</u>	<u>(5,244)</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	80,000	80,000	-
	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	(29,055)	(10,251)	18,804
FUND BALANCE - beginning	29,055	45,990	16,935
	<u>29,055</u>	<u>45,990</u>	<u>16,935</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ 35,739</u>	<u>\$ 35,739</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DISTRICT ATTORNEY GRANTS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 476,718	\$ 477,242	\$ 524
Fines and forfeitures	36,146	980	(35,166)
Interest	112	95	(17)
Other	800	1,553	753
	<u>513,776</u>	<u>479,870</u>	<u>(33,906)</u>
Total revenues			
EXPENDITURES:			
Personal services	511,510	463,688	47,822
Materials and services	116,830	102,707	14,123
	<u>628,340</u>	<u>566,395</u>	<u>61,945</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	102,383	100,007	(2,376)
	<u>102,383</u>	<u>100,007</u>	<u>(2,376)</u>
Net change in fund balance	(12,181)	13,482	25,663
FUND BALANCE - beginning	12,181	17,633	5,452
	<u>12,181</u>	<u>17,633</u>	<u>5,452</u>
FUND BALANCE - ending	\$ -	\$ 31,115	\$ 31,115
	<u>\$ -</u>	<u>\$ 31,115</u>	<u>\$ 31,115</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LAND USE PLANNING FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 180,000	\$ 186,040	\$ 6,040
Interest	226	330	104
Total revenues	<u>180,226</u>	<u>186,370</u>	<u>6,144</u>
EXPENDITURES:			
Personal services	712,256	701,307	10,949
Materials and services	477,307	435,825	41,482
Contingency	<u>2,150</u>	<u>-</u>	<u>2,150</u>
Total expenditures	<u>1,191,713</u>	<u>1,137,132</u>	<u>54,581</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>988,834</u>	<u>988,834</u>	<u>-</u>
Net change in fund balance	(22,653)	38,072	60,725
FUND BALANCE - beginning	<u>22,653</u>	<u>24,671</u>	<u>2,018</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ 62,743</u></u>	<u><u>\$ 62,743</u></u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PARKS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 234,991	\$ 211,043	\$ (23,948)
Charges for services	12,000	9,716	(2,284)
Interest	1,922	857	(1,065)
Other	-	1,045	1,045
	<u>248,913</u>	<u>222,661</u>	<u>(26,252)</u>
Total revenues			
EXPENDITURES:			
Personal services	92,745	88,841	3,904
Materials and services	151,714	120,031	31,683
Capital outlay	56,000	29,868	26,132
Contingency	36,299	-	36,299
	<u>336,758</u>	<u>238,740</u>	<u>98,018</u>
Total expenditures			
Net change in fund balance	(87,845)	(16,079)	71,766
FUND BALANCE - beginning	<u>192,170</u>	<u>198,095</u>	<u>5,925</u>
FUND BALANCE - ending	<u><u>\$ 104,325</u></u>	<u><u>\$ 182,016</u></u>	<u><u>\$ 77,691</u></u>



## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SURVEYOR FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ -	\$ 14,171	\$ 14,171
Charges for services	462,050	450,885	(11,165)
Interest	14,107	7,255	(6,852)
Other	-	1	1
	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>476,157</u>	<u>472,312</u>	<u>(3,845)</u>
EXPENDITURES:			
Personal services	546,176	393,283	152,893
Materials and services	163,936	157,980	5,956
Contingency	50,000	-	50,000
	<u>760,112</u>	<u>551,263</u>	<u>208,849</u>
Total expenditures	<u>760,112</u>	<u>551,263</u>	<u>208,849</u>
Net change in fund balance	(283,955)	(78,951)	205,004
FUND BALANCE - beginning	<u>1,410,709</u>	<u>1,422,862</u>	<u>12,153</u>
FUND BALANCE - ending	<u><u>\$ 1,126,754</u></u>	<u><u>\$ 1,343,911</u></u>	<u><u>\$ 217,157</u></u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BUILDING INSPECTION FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Licenses and permits	\$ 2,140,000	\$ 1,593,481	\$ (546,519)
Charges for services	-	150	150
Interest	7,620	4,175	(3,445)
Total revenues	<u>2,147,620</u>	<u>1,597,806</u>	<u>(549,814)</u>
EXPENDITURES:			
Personal services	1,579,747	1,522,398	57,349
Materials and services	424,677	382,900	41,777
Capital outlay	5,600	-	5,600
Contingency	235,000	-	235,000
Total expenditures	<u>2,245,024</u>	<u>1,905,298</u>	<u>339,726</u>
Net change in fund balance	(97,404)	(307,492)	(210,088)
FUND BALANCE - beginning	<u>762,003</u>	<u>913,544</u>	<u>151,541</u>
FUND BALANCE - ending	<u><u>\$ 664,599</u></u>	<u><u>\$ 606,052</u></u>	<u><u>\$ (58,547)</u></u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 3,388,100	\$ 3,302,661	\$ (85,439)
Interest	5,300	3,579	(1,721)
Total revenues	<u>3,393,400</u>	<u>3,306,240</u>	<u>(87,160)</u>
EXPENDITURES:			
Debt service - principal	1,805,000	1,805,000	-
Debt service - interest	<u>3,141,596</u>	<u>3,141,596</u>	<u>-</u>
Total expenditures	<u>4,946,596</u>	<u>4,946,596</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>1,551,150</u>	<u>1,551,025</u>	<u>(125)</u>
Net change in fund balance	(2,046)	(89,331)	(87,285)
FUND BALANCE - beginning	<u>273,242</u>	<u>478,460</u>	<u>205,218</u>
FUND BALANCE - ending	<u><u>\$ 271,196</u></u>	<u><u>\$ 389,129</u></u>	<u><u>\$ 117,933</u></u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL BUILDING & EQUIPMENT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 4,000	\$ 2,572	\$ (1,428)
EXPENDITURES:			
Reserves	1,233,502	-	1,233,502
OTHER FINANCING SOURCES (USES):			
Transfers in	711,000	711,000	-
Net change in fund balance	(518,502)	713,572	1,232,074
FUND BALANCE - beginning	518,502	519,408	906
FUND BALANCE - ending	\$ -	\$ 1,232,980	\$ 1,232,980

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
HEALTH BUILDING RESERVE FUND

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest	<u>\$ 5,000</u>	<u>\$ 3,866</u>	<u>\$ (1,134)</u>
EXPENDITURES:			
Reserves	<u>786,000</u>	<u>-</u>	<u>786,000</u>
Net change in fund balance	(781,000)	3,866	784,866
FUND BALANCE - beginning	<u>781,000</u>	<u>780,576</u>	<u>(424)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ 784,442</u>	<u>\$ 784,442</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FACILITY RENOVATION FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 54,147	\$ 52,664	\$ (1,483)
Interest	-	2,515	2,515
Total revenues	<u>54,147</u>	<u>55,179</u>	<u>1,032</u>
EXPENDITURES:			
Capital outlay	<u>570,192</u>	<u>492,231</u>	<u>77,961</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(157,205)</u>	<u>(145,796)</u>	<u>11,409</u>
Net change in fund balance	(673,250)	(582,848)	90,402
FUND BALANCE - beginning	<u>673,250</u>	<u>673,250</u>	<u>-</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ 90,402</u></u>	<u><u>\$ 90,402</u></u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT PROJECTS FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 107,437	\$ 107,437	\$ -
Interest	-	7,372	7,372
Total revenues	<u>107,437</u>	<u>114,809</u>	<u>7,372</u>
EXPENDITURES:			
Capital outlay	3,594,582	1,720,479	1,874,103
Contingency	<u>171,253</u>	-	<u>171,253</u>
Total expenditures	<u>3,765,835</u>	<u>1,720,479</u>	<u>2,045,356</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>1,764,914</u>	<u>1,764,914</u>	<u>-</u>
Net change in fund balance	(1,893,484)	159,244	2,052,728
FUND BALANCE - beginning	<u>1,991,209</u>	<u>1,991,210</u>	<u>1</u>
FUND BALANCE - ending	<u><u>\$ 97,725</u></u>	<u><u>\$ 2,150,454</u></u>	<u><u>\$ 2,052,729</u></u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COURTHOUSE SQUARE REMEDIATION FUND

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Other	<u>\$ -</u>	<u>\$ 12,721</u>	<u>\$ 12,721</u>
EXPENDITURES:			
Capital outlay	<u>2,840,746</u>	<u>39,753</u>	<u>2,800,993</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>6,534,564</u>	<u>6,534,564</u>	<u>-</u>
Net change in fund balance	3,693,818	6,507,532	2,813,714
FUND BALANCE - beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ending	<u>\$ 3,693,818</u>	<u>\$ 6,507,532</u>	<u>\$ 2,813,714</u>



## ENTERPRISE FUNDS

### Major Funds

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
Environmental Services	Franchise fees and disposal charges.	Accounts for the operations of the County's solid waste collection and disposal system.

### Nonmajor Funds

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
Brooks Community Service District	Sewer fees.	Accounts for sewer services provided to district residents.
East Salem Service District	Sewer and lighting fees, property taxes and interest.	Accounts for sewer and lighting services provided to district residents.
Labish Village Sewage and Drainage District	Sewer and drainage fees.	Accounts for sewer and drainage services provided to district residents.
Fargo Interchange Service District	Sewer fees.	Accounts for sewer services provided to district residents.
Illahe Hills Street Lighting District	Lighting fees.	Accounts for lighting services provided to district residents.

## MARION COUNTY, OREGON

COMBINING STATEMENT OF FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

For the year ended June 30, 2012

	Sewer and Lighting Service Districts					
	Brooks Community	East Salem	Labish Village	Fargo Interchange	Ilaha Hills	Totals
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 239,431	\$ 935,467	\$ 38,064	\$ 102,484	\$ 9,420	\$ 1,324,866
Receivables:						
Accounts	21,376	198,826	8,058	5,460	-	233,720
Property taxes	1,441	18,411	-	5,426	-	25,278
Interest	942	3,387	137	379	-	4,845
Total current assets	263,190	1,156,091	46,259	113,749	9,420	1,588,709
Capital assets:						
Land	140,335	87,014	-	-	-	227,349
Buildings and improvements	3,230,468	4,950,308	322,448	1,831,395	-	10,334,619
Equipment	-	13,459	-	-	-	13,459
Less accumulated depreciation	(2,642,954)	(3,946,449)	(322,448)	(735,756)	-	(7,647,607)
Total capital assets (net of accumulated depreciation)	727,849	1,104,332	-	1,095,639	-	2,927,820
Total assets	991,039	2,260,423	46,259	1,209,388	9,420	4,516,529
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	4,064	117,158	2,094	6,021	-	129,337
Accrued interest	-	-	-	22,750	-	22,750
Notes payable, current	-	-	-	66,159	-	66,159
Total current liabilities	4,064	117,158	2,094	94,930	-	218,246
Noncurrent liabilities:						
Notes payable, net of current portion	-	-	-	695,201	-	695,201
Total liabilities	4,064	117,158	2,094	790,131	-	913,447
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	727,849	1,104,332	-	334,279	-	2,166,460
Unrestricted	259,126	1,038,933	44,165	84,978	9,420	1,436,622
Total net assets	\$ 986,975	\$ 2,143,265	\$ 44,165	\$ 419,257	\$ 9,420	\$ 3,603,082

## MARION COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

For the year ended June 30, 2012

	Sewer and Lighting Service Districts					
	Brooks Community	East Salem	Labish Village	Fargo Interchange	Iliahe Hills	Totals
Operating revenues:						
Charges for services	\$ 261,899	\$ 143,541	\$ 7,071	\$ 184,142	\$ 10,859	\$ 607,512
Operating expenses:						
Repairs and maintenance	52,516	70,886	-	76,984	-	200,386
Utilities	5,007	233,962	-	2,782	10,143	251,894
Building and equipment rentals	-	1,281	-	-	-	1,281
Professional services	132,432	32,272	1,696	18,770	409	185,579
Communication	360	797	43	68	-	1,268
Fuel and operating supplies	15,197	1,920	10	-	-	17,127
Insurance claims and premiums	1,632	8,986	797	1,060	-	12,475
Depreciation	129,219	90,005	-	70,608	-	289,832
Other	3,734	653	26	268	26	4,707
Total operating expenses	340,097	440,762	2,572	170,540	10,578	964,549
Operating income (loss)	(78,198)	(297,221)	4,499	13,602	281	(357,037)
Nonoperating revenues (expenses):						
Property taxes	-	248,113	-	-	-	248,113
Interest revenue	1,185	4,588	181	392	52	6,398
Interest expense	-	-	-	(41,927)	-	(41,927)
Total nonoperating revenues (expenses)	1,185	252,701	181	(41,535)	52	212,584
Change in net assets	(77,013)	(44,520)	4,680	(27,933)	333	(144,453)
Total net assets - beginning	1,063,988	2,187,785	39,485	447,190	9,087	3,747,535
Total net assets - ending	\$ 986,975	\$ 2,143,265	\$ 44,165	\$ 419,257	\$ 9,420	\$ 3,603,082

## MARION COUNTY, OREGON

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

For the year ended June 30, 2012

	Sewer and Lighting Service Districts					
	Brooks Community	East Salem	Labish Village	Fargo Interchange	Ilaha Hills	Totals
Cash flows from operating activities:						
Cash received from customers	\$ 257,147	\$ 109,232	\$ 6,801	\$ 334,800	\$ 10,859	\$ 718,839
Cash payments to suppliers for goods and services	(213,735)	(307,167)	(3,108)	(101,500)	(10,578)	(636,088)
Net cash from operating activities	43,412	(197,935)	3,693	233,300	281	82,751
Cash flows from noncapital financing activities:						
Property taxes	-	248,963	-	-	-	248,963
Interfund loan principal payments	-	-	-	(68,975)	-	(68,975)
Interfund loan interest payments	-	-	-	(1,035)	-	(1,035)
Net cash from noncapital financing activities	-	248,963	-	(70,010)	-	178,953
Cash flows from capital and related financing activities:						
Debt principal payments	-	-	-	(62,812)	-	(62,812)
Debt interest payments	-	-	-	(43,000)	-	(43,000)
Net cash from capital and related financing activities	-	-	-	(105,812)	-	(105,812)
Cash flows from investing activities:						
Interest on investments	1,396	6,076	233	271	52	8,028
Net change in cash and investments	44,808	57,104	3,926	57,749	333	163,920
Cash and investments - beginning	194,623	878,363	34,138	44,735	9,087	1,160,946
Cash and investments - ending	\$ 239,431	\$ 935,467	\$ 38,064	\$ 102,484	\$ 9,420	\$ 1,324,866
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ (78,198)	\$ (297,221)	\$ 4,499	\$ 13,602	\$ 281	\$ (357,037)
Depreciation	129,219	90,005	-	70,608	-	289,832
Change in:						
Accounts receivable	(4,752)	(34,309)	(270)	150,658	-	111,327
Accounts payable	(2,857)	43,590	(536)	(1,568)	-	38,629
Net cash from operating activities	\$ 43,412	\$ (197,935)	\$ 3,693	\$ 233,300	\$ 281	\$ 82,751

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ENVIRONMENTAL SERVICES FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes	\$ 265,000	\$ 289,719	\$ 24,719
Intergovernmental	-	2,876	2,876
Charges for services	16,416,500	15,523,624	(892,876)
Fines and forfeitures	-	1,150	1,150
Interest	57,130	111,867	54,737
Other	251,200	413,319	162,119
	<u>16,989,830</u>	<u>16,342,555</u>	<u>(647,275)</u>
Total revenues			
EXPENDITURES:			
Personal services	2,923,845	2,536,588	387,257
Materials and services	17,025,415	17,094,755	(69,340)
Capital outlay	321,400	93,558	227,842
Contingency	1,711,897	-	1,711,897
	<u>21,982,557</u>	<u>19,724,901</u>	<u>2,257,656</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers out	(37,800)	(37,800)	-
	<u>(37,800)</u>	<u>(37,800)</u>	<u>-</u>
Net change in fund balance	(5,030,527)	(3,420,146)	1,610,381
FUND BALANCE - beginning	21,020,267	21,091,598	71,331
	<u>21,020,267</u>	<u>21,091,598</u>	<u>71,331</u>
FUND BALANCE - ending	<u>\$ 15,989,740</u>	<u>\$ 17,671,452</u>	<u>\$ 1,681,712</u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BROOKS COMMUNITY SERVICE DISTRICT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 250,700	\$ 261,899	\$ 11,199
Interest	1,450	1,185	(265)
Total revenues	252,150	263,084	10,934
EXPENDITURES:			
Materials and services	246,780	210,878	35,902
Capital outlay	40,000	-	40,000
Contingency	63,630	-	63,630
Total expenditures	350,410	210,878	139,532
Net change in fund balance	(98,260)	52,206	150,466
FUND BALANCE - beginning	233,260	206,920	(26,340)
FUND BALANCE - ending	\$ 135,000	\$ 259,126	\$ 124,126

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
EAST SALEM SERVICE DISTRICT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Taxes	\$ 425,150	\$ 248,113	\$ (177,037)
Charges for services	19,000	143,541	124,541
Interest	6,650	4,588	(2,062)
	<u>450,800</u>	<u>396,242</u>	<u>(54,558)</u>
Total revenues			
EXPENDITURES:			
Materials and services	580,295	350,757	229,538
Capital outlay	400,000	-	400,000
Contingency	200,000	-	200,000
	<u>1,180,295</u>	<u>350,757</u>	<u>829,538</u>
Total expenditures			
Net change in fund balance	(729,495)	45,485	774,980
FUND BALANCE - beginning	<u>887,630</u>	<u>993,448</u>	<u>105,818</u>
FUND BALANCE - ending	<u>\$ 158,135</u>	<u>\$ 1,038,933</u>	<u>\$ 880,798</u>

MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LABISH VILLAGE SEWAGE AND DRAINAGE DISTRICT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 9,000	\$ 7,071	\$ (1,929)
Interest	340	181	(159)
Total revenues	9,340	7,252	(2,088)
EXPENDITURES:			
Materials and services	11,720	2,572	9,148
Contingency	32,444	-	32,444
Total expenditures	44,164	2,572	41,592
Net change in fund balance	(34,824)	4,680	39,504
FUND BALANCE - beginning	34,824	39,485	4,661
FUND BALANCE - ending	\$ -	\$ 44,165	\$ 44,165



## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FARGO INTERCHANGE SERVICE DISTRICT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 343,931	\$ 184,142	\$ (159,789)
Interest	250	392	142
Total revenues	<u>344,181</u>	<u>184,534</u>	<u>(159,647)</u>
EXPENDITURES:			
Materials and services	103,471	99,932	3,539
Capital outlay	25,000	-	25,000
Debt service - principal	132,477	131,787	690
Debt service - interest	45,070	44,035	1,035
Contingency	96,996	-	96,996
Total expenditures	<u>403,014</u>	<u>275,754</u>	<u>127,260</u>
Net change in fund balance	(58,833)	(91,220)	(32,387)
FUND BALANCE - beginning	<u>58,833</u>	<u>198,948</u>	<u>140,115</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ 107,728</u></u>	<u><u>\$ 107,728</u></u>

## INTERNAL SERVICE FUNDS

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
Central Services	Internal assessments.	Accounts for the County's central administration including the Board of Commissioners, Business Services, Finance, Information Technology and Legal Counsel.
Self-Insurance	Internal assessments.	Accounts for the County's risk management program.
Fleet Management	Internal assessments.	Accounts for acquisition and maintenance of the County's pooled vehicles.

## MARION COUNTY, OREGON

COMBINING STATEMENT OF FUND NET ASSETS  
INTERNAL SERVICE FUNDS

June 30, 2012

	Central Services	Self- Insurance	Fleet Management	Totals
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 1,031,237	\$ 10,389,676	\$ 2,156,849	\$ 13,577,762
Receivables:				
Accounts	24,287	-	-	24,287
Interest	-	37,286	-	37,286
Prepaid expenses	-	50,000	-	50,000
Total current assets	1,055,524	10,476,962	2,156,849	13,689,335
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	302,506	826,539	7,670	1,136,715
Payroll related liabilities	753,018	-	5,330	758,348
Due to other funds	-	-	5,883	5,883
Compensated absences, current	513,898	-	2,329	516,227
Accrued claims liability, current	-	1,446,254	-	1,446,254
Total current liabilities	1,569,422	2,272,793	21,212	3,863,427
Noncurrent liabilities, net of current portion:				
Compensated absences	141,736	-	3,433	145,169
Net OPEB obligation	1,407,860	-	-	1,407,860
Accrued claims liability	-	3,546,746	-	3,546,746
Total noncurrent liabilities	1,549,596	3,546,746	3,433	5,099,775
Total liabilities	3,119,018	5,819,539	24,645	8,963,202
<b>NET ASSETS</b>				
Unrestricted	(2,063,494)	4,657,423	2,132,204	4,726,133
Total net assets	\$ (2,063,494)	\$ 4,657,423	\$ 2,132,204	\$ 4,726,133

## MARION COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS

For the year ended June 30, 2012

	Central Services	Self- Insurance	Fleet Management	Totals
Operating revenues:				
Charges for services	\$ 18,762,293	\$ 23,199,038	\$ 1,826,360	\$ 43,787,691
Other	10	25,499	31,254	56,763
Total operating revenues	18,762,303	23,224,537	1,857,614	43,844,454
Operating expenses:				
Salaries and wages	15,171,289	-	90,043	15,261,332
Repairs and maintenance	1,100,455	16,900	387,772	1,505,127
Utilities	34,590	-	-	34,590
Building and equipment rentals	530,565	-	3,540	534,105
Professional services	539,252	121,118	50,254	710,624
Communication	263,368	-	-	263,368
Fuel and operating supplies	615,599	916	971,691	1,588,206
Insurance claims and premiums	4,021	23,196,203	1,894	23,202,118
Administrative expenses	1,353,702	116,090	47,753	1,517,545
Other	193,403	11,738	4,199	209,340
Total operating expenses	19,806,244	23,462,965	1,557,146	44,826,355
Operating income (loss)	(1,043,941)	(238,428)	300,468	(981,901)
Nonoperating revenues (expenses):				
Interest revenue	-	40,342	-	40,342
Interest expense	-	-	(120)	(120)
	-	40,342	(120)	40,222
Income (loss) before transfers	(1,043,941)	(198,086)	300,348	(941,679)
Transfers in	638,072	-	14,952	653,024
Change in net assets	(405,869)	(198,086)	315,300	(288,655)
Total net assets - beginning	(1,657,625)	4,855,509	1,816,904	5,014,788
Total net assets - ending	\$ (2,063,494)	\$ 4,657,423	\$ 2,132,204	\$ 4,726,133

## MARION COUNTY, OREGON

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended June 30, 2012

	Central Services	Self- Insurance	Fleet Management	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 18,787,268	\$ 23,236,241	\$ 1,877,198	\$ 43,900,707
Cash payments to suppliers for goods and services	(4,650,681)	(22,454,143)	(1,459,433)	(28,564,257)
Cash payments to employees for services	(14,669,632)	-	(78,951)	(14,748,583)
Net cash from operating activities	(533,045)	782,098	338,814	587,867
Cash flows from noncapital financing activities:				
Transfers received	638,072	-	14,952	653,024
Cash flows from capital and related financing activities:				
Interfund loan principal payments	-	-	(13,880)	(13,880)
Interfund loan interest payments	-	-	(120)	(120)
Net cash from capital and related financing activities	-	-	(14,000)	(14,000)
Cash flows from investing activities:				
Interest on investments	-	55,573	-	55,573
Net change in cash and investments	105,027	837,671	339,766	1,282,464
Cash and investments - beginning	926,210	9,552,005	1,817,083	12,295,298
Cash and investments - ending	<u>\$ 1,031,237</u>	<u>\$ 10,389,676</u>	<u>\$ 2,156,849</u>	<u>\$ 13,577,762</u>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (1,043,941)	\$ (238,428)	\$ 300,468	\$ (981,901)
Change in:				
Accounts receivable	24,965	11,704	19,584	56,253
Accounts payable	(15,726)	(107,178)	7,670	(115,234)
Payroll liabilities	95,788	-	5,330	101,118
Compensated absences	28,807	-	5,762	34,569
Net OPEB obligation	377,062	-	-	377,062
Accrued claims liability	-	1,116,000	-	1,116,000
Net cash from operating activities	<u>\$ (533,045)</u>	<u>\$ 782,098</u>	<u>\$ 338,814</u>	<u>\$ 587,867</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CENTRAL SERVICES FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 21,589	\$ 5,207	\$ (16,382)
Charges for services	19,482,115	18,757,086	(725,029)
Other	-	10	10
	<u>19,503,704</u>	<u>18,762,303</u>	<u>(741,401)</u>
Total revenues			
EXPENDITURES:			
Board of Commissioners	1,984,466	1,932,908	51,558
Business Services	6,510,182	6,217,888	292,294
Finance	2,100,818	2,094,108	6,710
Information Technology	8,131,189	7,765,400	365,789
Legal Counsel	1,214,294	1,167,386	46,908
Non-Departmental:			
Materials and services	321,123	222,685	98,438
	<u>20,262,072</u>	<u>19,400,375</u>	<u>861,697</u>
Total expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	758,368	638,072	(120,296)
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			
FUND BALANCE - beginning	-	-	-
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SELF-INSURANCE FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 23,361,751	\$ 23,199,038	\$ (162,713)
Interest	13,314	40,342	27,028
Other	-	25,499	25,499
	<u>23,375,065</u>	<u>23,264,879</u>	<u>(110,186)</u>
Total revenues			
EXPENDITURES:			
Materials and services	23,576,654	22,346,965	1,229,689
Contingency	2,000,000	-	2,000,000
	<u>25,576,654</u>	<u>22,346,965</u>	<u>3,229,689</u>
Total expenditures			
Net change in fund balance	(2,201,589)	917,914	3,119,503
FUND BALANCE - beginning	<u>8,912,985</u>	<u>8,732,509</u>	<u>(180,476)</u>
FUND BALANCE - ending	<u>\$ 6,711,396</u>	<u>\$ 9,650,423</u>	<u>\$ 2,939,027</u>

## MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FLEET MANAGEMENT FUND

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Charges for services	\$ 1,746,864	\$ 1,826,360	\$ 79,496
Other	-	31,254	31,254
Total revenues	<u>1,746,864</u>	<u>1,857,614</u>	<u>110,750</u>
EXPENDITURES:			
Personal services	90,363	84,281	6,082
Materials and services	494,535	511,312	(16,777)
Capital outlay	974,500	955,791	18,709
Debt service - principal	14,000	13,880	120
Debt service - interest	700	120	580
Contingency	<u>111,170</u>	<u>-</u>	<u>111,170</u>
Total expenditures	<u>1,685,268</u>	<u>1,565,384</u>	<u>119,884</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>16,500</u>	<u>14,952</u>	<u>(1,548)</u>
Net change in fund balance	78,096	307,182	229,086
FUND BALANCE - beginning	<u>1,808,020</u>	<u>1,836,667</u>	<u>28,647</u>
FUND BALANCE - ending	<u><u>\$ 1,886,116</u></u>	<u><u>\$ 2,143,849</u></u>	<u><u>\$ 257,733</u></u>



## AGENCY FUNDS

<u>Fund</u>	<u>Principal Resources</u>	<u>Description of Operations</u>
Treasurer's Trust	None.	Accounts for miscellaneous fees collected on behalf of other government agencies.
Due Subdivisions	None.	Accounts for the collection and distribution of property taxes for all political subdivisions within the County; also accounts for contracted accounting services provided to other governments within the County.

MARION COUNTY, OREGON  
COMBINING BALANCE SHEET  
AGENCY FUNDS

June 30, 2012

	<u>Treasurer's Trust</u>	<u>Due Subdivisions</u>	<u>Totals</u>
ASSETS:			
Cash and investments	\$ 388,463	\$ 18,363,703	\$ 18,752,166
Receivables:			
Accounts and interest	677	710,795	711,472
Property taxes	<u>-</u>	<u>19,926,284</u>	<u>19,926,284</u>
Total assets	<u>\$ 389,140</u>	<u>\$ 39,000,782</u>	<u>\$ 39,389,922</u>
LIABILITIES:			
Accounts payable	\$ 94,877	\$ 1,995,038	\$ 2,089,915
Due to other agencies	<u>294,263</u>	<u>37,005,744</u>	<u>37,300,007</u>
Total liabilities	<u>\$ 389,140</u>	<u>\$ 39,000,782</u>	<u>\$ 39,389,922</u>

## MARION COUNTY, OREGON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the year ended June 30, 2012

	Balance, July 1, 2011	Additions	Deductions	Balance, June 30, 2012
<b>Treasurer's Trust</b>				
Assets:				
Cash and investments	\$ 473,944	\$ 5,365,786	\$ 5,451,267	\$ 388,463
Receivables:				
Accounts and interest	2,397	143	1,863	677
Total assets	<u>\$ 476,341</u>	<u>\$ 5,365,929</u>	<u>\$ 5,453,130</u>	<u>\$ 389,140</u>
Liabilities:				
Accounts payable	\$ 227,741	\$ 2,546,337	\$ 2,679,201	\$ 94,877
Due to other agencies	248,600	2,819,592	2,773,929	294,263
Total liabilities	<u>\$ 476,341</u>	<u>\$ 5,365,929</u>	<u>\$ 5,453,130</u>	<u>\$ 389,140</u>
<b>Due Subdivisions</b>				
Assets:				
Cash and investments	\$ 24,455,843	\$ 386,577,086	\$ 392,669,226	\$ 18,363,703
Receivables:				
Accounts and interest	559,535	937,537	786,277	710,795
Property taxes	20,839,596	-	913,312	19,926,284
Total assets	<u>\$ 45,854,974</u>	<u>\$ 387,514,623</u>	<u>\$ 394,368,815</u>	<u>\$ 39,000,782</u>
Liabilities:				
Accounts payable	\$ 1,416,591	\$ 38,629,900	\$ 38,051,453	\$ 1,995,038
Due to other agencies	44,438,383	348,884,723	356,317,362	37,005,744
Total liabilities	<u>\$ 45,854,974</u>	<u>\$ 387,514,623</u>	<u>\$ 394,368,815</u>	<u>\$ 39,000,782</u>
<b>Total - All Agency Funds</b>				
Assets:				
Cash and investments	\$ 24,929,787	\$ 391,942,872	\$ 398,120,493	\$ 18,752,166
Receivables:				
Accounts and interest	561,932	937,680	788,140	711,472
Property taxes	20,839,596	-	913,312	19,926,284
Total assets	<u>\$ 46,331,315</u>	<u>\$ 392,880,552</u>	<u>\$ 399,821,945</u>	<u>\$ 39,389,922</u>
Liabilities:				
Accounts payable	\$ 1,644,332	\$ 41,176,237	\$ 40,730,654	\$ 2,089,915
Due to other agencies	44,686,983	351,704,315	359,091,291	37,300,007
Total liabilities	<u>\$ 46,331,315</u>	<u>\$ 392,880,552</u>	<u>\$ 399,821,945</u>	<u>\$ 39,389,922</u>

## OTHER SCHEDULES

## MARION COUNTY, OREGON (AND ALL POLITICAL SUBDIVISIONS)

## SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the year ended June 30, 2012

	Taxes receivable July 1, 2011	Add current levy extended to tax rolls	Add (deduct) corrections & adjustments	(Deduct) discounts allowed or added back	Add interest collected on delinquent accounts	(Deduct) cash collections	Taxes receivable June 30, 2012
2011-12	\$ -	\$ 328,138,494	\$ (1,193,155)	\$ (8,245,233)	\$ 155,956	\$ (307,048,344)	\$ 11,807,718
2010-11	13,129,637	-	(1,345,975)	37,795	513,539	(6,141,441)	6,193,555
2009-10	6,747,314	-	(1,118,300)	32,531	567,920	(2,473,385)	3,756,080
2008-09	3,505,574	-	(30,524)	277	645,985	(2,716,915)	1,404,397
2007-08	1,096,034	-	(14,467)	121	283,954	(1,040,743)	324,899
2006-07	254,725	-	(16,003)	44	32,401	(90,126)	181,041
Prior	676,421	-	(16,241)	1	42,129	(90,480)	611,830
Totals	<u>\$ 25,409,705</u>	<u>\$ 328,138,494</u>	<u>\$ (3,734,665)</u>	<u>\$ (8,174,464)</u>	<u>\$ 2,241,884</u>	<u>\$ (319,601,434)</u>	<u>\$ 24,279,520</u>

## Summary by fund and fund type:

General Fund	\$ 4,327,958
Enterprise Funds:	
Brooks Community Service District	1,441
East Salem Service District	18,411
Fargo Interchange Service District	5,426
Agency Fund:	
Due State (Fire Patrol)	20,168
Due Subdivisions	<u>19,906,116</u>
Total	<u>\$ 24,279,520</u>

MARION COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES  
ELECTED OFFICIALS

For the year ended June 30, 2012

	Cash Balance July 1, 2011	Receipts	Treasurer	Turnovers to State	Other	Cash Balance June 30, 2012
Assessor	\$ -	\$ 242,924	\$ 242,924	\$ -	\$ -	\$ -
Clerk	-	1,786,767	1,786,767	-	-	-
District Attorney	-	172,284	172,284	-	-	-
Justices of the Peace:						
East Marion	-	2,380,112	1,704,652	539,592	135,868	-
North Marion	-	2,804,232	1,905,846	812,322	86,064	-
Sheriff	-	2,145,707	2,145,707	-	-	-
Treasurer	118,578,570	1,015,329,528	-	-	1,017,311,363	116,596,735

Source of receipts:

- Assessor - Property taxes collected in advance of due date and sale of maps.
- Clerk - Various licenses and fees.
- District Attorney - Photocopies.
- Justice of the Peace - Fines and fees.
- Sheriff - Document serving, permits, board, fees and fines.
- Treasurer - All County receipts and receipts for which the County is an agent.

MARION COUNTY, OREGON

ANNUAL DISCLOSURE INFORMATION

For the year ended June 30, 2012

The Securities and Exchange Commission (SEC) has published amendments to Rule 15c2-12 (the Rule) that require annual disclosure of current financial information and timely disclosure of certain events with respect to the County's outstanding long-term debt, if material. The SEC has designated the Municipal Securities Rulemaking Board (MSRB) as the nationally recognized municipal securities information repository. The County submits a copy of its Comprehensive Annual Financial Report to the MSRB in order to comply with the Rule's annual disclosure requirements. All of the financial information needed to meet the annual disclosure requirements for the bonds and obligations listed below is provided in the Comprehensive Annual Financial Report. In addition, the County has agreed to provide notice to the MSRB of certain events pursuant to the requirements of Section (b)(5)(i) of the Rule.

CUSIP numbers by bond series are as follows:

<b>Limited Tax Pension Bonds, Series 2002</b>	<b>Limited Tax Pension Bonds, Series 2004</b>	<b>Full Faith and Credit Refunding Obligations, Series 2005</b>
56913R-AM0	68608D-CQ5	569127-AV5
56913R-AN8	68608D-CR3	569127-BG7
56913R-AP3	68608D-CS1	569127-AW3
56913R-AQ1	68608D-CT9	569127-AX1
56913R-AR9	68608D-CU6	569127-AY9
56913R-AS7	68608D-CV4	569127-AZ6
56913R-AT5	68608D-DA9	569127-BA0
56913R-AU2	68608D-DF8	569127-BH5
56913R-CE6		569127-BB8
		569127-BJ1
		569127-BC6
		569127-BD4
		569127-BE2
		569127-BF9

## STATISTICAL SECTION

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

### Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its most significant revenue source, property taxes.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

### Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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



## MARION COUNTY, OREGON

NET ASSETS BY COMPONENT  
(accrual basis of accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 172,698,121	\$ 182,594,952	\$ 196,923,549	\$ 206,767,946	\$ 222,278,156	\$ 238,419,017	\$ 253,294,368	\$ 253,127,913	\$ 264,841,826	\$ 280,600,935
Restricted	19,722,038	18,628,146	51,335,086	44,644,778	46,394,118	39,545,434	42,462,835	42,470,143	26,440,383	16,408,078
Unrestricted	44,192,973	41,255,915	5,258,497	8,390,930	12,096,689	13,705,240	9,456,798	14,564,491	23,759,205	25,297,146
Total net assets, governmental activities	<u>\$ 236,613,132</u>	<u>\$ 242,479,013</u>	<u>\$ 253,517,132</u>	<u>\$ 259,803,654</u>	<u>\$ 280,768,963</u>	<u>\$ 291,669,691</u>	<u>\$ 305,214,001</u>	<u>\$ 310,162,547</u>	<u>\$ 315,041,414</u>	<u>\$ 322,306,159</u>
Business-Type Activities:										
Invested in capital assets, net of related debt	\$ 9,869,514	\$ 10,796,204	\$ 14,951,194	\$ 15,662,939	\$ 15,802,394	\$ 14,634,438	\$ 15,031,254	\$ 15,170,831	\$ 15,691,441	\$ 16,270,439
Restricted	-	-	479,960	240,146	3,002,426	4,009,312	2,790,154	2,564,524	2,169,137	2,653,291
Unrestricted	12,236,514	16,224,077	26,353,156	30,911,753	24,861,360	22,366,781	21,143,075	18,582,727	19,434,102	20,594,345
Total net assets, business-type activities	<u>\$ 22,106,028</u>	<u>\$ 27,020,281</u>	<u>\$ 41,784,310</u>	<u>\$ 46,814,838</u>	<u>\$ 43,666,180</u>	<u>\$ 41,010,531</u>	<u>\$ 38,964,483</u>	<u>\$ 36,318,082</u>	<u>\$ 37,294,680</u>	<u>\$ 39,518,075</u>
Primary Government:										
Invested in capital assets, net of related debt	\$ 182,567,635	\$ 193,391,156	\$ 211,874,743	\$ 222,430,885	\$ 238,080,550	\$ 253,053,455	\$ 268,325,622	\$ 268,298,744	\$ 280,533,267	\$ 296,871,374
Restricted	19,722,038	18,628,146	51,815,046	44,884,924	49,396,544	43,554,746	45,252,989	45,034,667	28,609,520	19,061,369
Unrestricted	56,429,487	57,479,992	31,611,653	39,302,683	36,958,049	36,072,021	30,599,873	33,147,218	43,193,307	45,891,491
Total net assets, primary government	<u>\$ 258,719,160</u>	<u>\$ 269,499,294</u>	<u>\$ 295,301,442</u>	<u>\$ 306,618,492</u>	<u>\$ 324,435,143</u>	<u>\$ 332,680,222</u>	<u>\$ 344,178,484</u>	<u>\$ 346,480,629</u>	<u>\$ 352,336,094</u>	<u>\$ 361,824,234</u>

## Notes:

(1) The County implemented GASB Statement No. 54 in fiscal 2011, resulting in some changes in the classification of restricted and unrestricted balances for governmental activities.

(2) Business-type activities included the Marion County Housing Authority through fiscal year 2010.

## MARION COUNTY, OREGON

CHANGES IN NET ASSETS  
(accrual basis of accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 13,003,991	\$ 12,807,895	\$ 10,652,166	\$ 12,380,750	\$ 12,061,985	\$ 10,832,358	\$ 13,904,065	\$ 10,913,729	\$ 24,978,454	\$ 9,509,129
Health and social services	54,623,305	58,343,197	58,312,272	50,758,992	45,318,034	73,486,663	71,704,246	66,329,085	58,494,510	66,238,816
Public safety and judicial	69,983,971	69,369,059	67,533,185	68,590,031	64,942,420	61,318,863	56,902,654	52,534,130	43,934,337	48,968,418
Community service	4,213,912	4,554,392	5,214,130	5,614,438	5,781,244	5,583,484	6,462,421	5,825,048	3,942,006	4,826,410
Roads and bridges	33,933,093	34,210,353	34,555,793	36,581,863	36,768,900	38,381,183	38,148,231	37,407,985	31,422,715	36,200,711
Education	860,305	1,013,928	829,640	1,418,857	1,535,458	1,893,548	1,640,790	1,699,570	1,384,000	1,326,883
Interest on long-term debt	3,625,748	3,563,570	3,600,535	3,391,037	3,508,090	3,647,915	3,385,617	3,921,168	1,973,133	2,871,749
Total governmental activities	<u>180,244,325</u>	<u>183,862,394</u>	<u>180,697,721</u>	<u>178,735,968</u>	<u>169,916,131</u>	<u>195,144,014</u>	<u>192,148,024</u>	<u>178,630,715</u>	<u>166,129,155</u>	<u>169,942,116</u>
Business-type activities:										
Environmental services	20,655,355	19,360,838	18,585,048	17,926,252	17,349,140	20,537,615	19,626,301	19,328,712	19,961,975	19,211,615
Housing authority	-	-	7,605,742	7,395,830	6,741,111	5,645,709	6,710,324	7,169,787	7,506,296	7,022,327
Sewer and lighting services	1,006,476	1,033,416	1,053,617	1,124,479	1,055,953	1,036,059	1,055,176	1,038,040	944,253	985,823
Total business-type activities	<u>21,661,831</u>	<u>20,394,254</u>	<u>27,244,407</u>	<u>26,446,561</u>	<u>25,146,204</u>	<u>27,219,383</u>	<u>27,391,801</u>	<u>27,536,539</u>	<u>28,412,524</u>	<u>27,219,765</u>
Total primary government	<u>\$ 201,906,156</u>	<u>\$ 204,256,648</u>	<u>\$ 207,942,128</u>	<u>\$ 205,182,529</u>	<u>\$ 195,062,335</u>	<u>\$ 222,363,397</u>	<u>\$ 219,539,825</u>	<u>\$ 206,167,254</u>	<u>\$ 194,541,679</u>	<u>\$ 197,161,881</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 8,891,006	\$ 9,129,581	\$ 4,165,982	\$ 6,038,178	\$ 3,305,233	\$ 3,282,168	\$ 3,409,453	\$ 3,730,387	\$ 5,207,376	\$ 5,624,847
Health and social services	6,872,696	7,205,331	7,461,684	5,589,612	4,033,665	3,957,844	3,726,491	3,642,627	2,519,467	3,204,246
Public safety and judicial	7,360,065	7,196,736	7,240,109	5,225,994	7,457,908	7,260,283	5,990,914	5,050,019	5,050,759	4,907,918
Community service	2,152,406	2,780,000	2,876,339	2,199,566	3,049,818	3,605,016	5,060,171	3,097,896	3,089,072	2,951,152
Roads and bridges	4,321,393	3,927,151	3,703,877	3,580,276	2,397,273	2,368,997	2,204,868	2,360,174	2,310,749	2,450,271
Education	2,574	1,304	401	511	1,422	-	1,052	333	312	-
Operating grants and contributions	79,245,471	81,692,596	79,350,143	74,415,207	78,935,640	99,418,469	99,160,287	102,524,653	92,127,986	93,753,927
Capital grants and contributions	7,955,427	3,782,661	1,772,116	1,037,748	1,762,574	3,907,479	6,247,810	5,467,900	3,173,565	-
Total governmental activities	<u>116,801,038</u>	<u>115,715,360</u>	<u>106,570,651</u>	<u>98,087,092</u>	<u>100,943,533</u>	<u>123,800,256</u>	<u>125,801,046</u>	<u>125,873,989</u>	<u>113,479,286</u>	<u>112,892,361</u>
Business-type activities:										
Charges for services:										
Environmental services	15,811,488	15,086,485	20,314,456	21,779,450	20,114,084	19,670,314	19,928,122	17,990,114	17,839,401	18,333,033
Housing authority	-	-	1,142,907	573,475	1,062,843	1,598,438	1,075,216	1,005,881	710,598	772,527
Sewer and lighting services	607,512	607,358	602,653	553,017	492,655	501,415	550,907	462,374	484,896	352,506
Operating grants and contributions	-	-	6,545,388	5,576,677	4,741,383	5,949,680	7,182,205	6,187,683	6,582,040	6,089,022
Capital grants and contributions	-	-	-	-	-	-	-	-	30,336	161,959
Total business-type activities	<u>16,419,000</u>	<u>15,693,843</u>	<u>28,605,404</u>	<u>28,482,619</u>	<u>26,410,965</u>	<u>27,719,847</u>	<u>28,736,450</u>	<u>25,646,052</u>	<u>25,647,271</u>	<u>25,709,047</u>
Total primary government	<u>\$ 133,220,038</u>	<u>\$ 131,409,203</u>	<u>\$ 135,176,055</u>	<u>\$ 126,569,711</u>	<u>\$ 127,354,498</u>	<u>\$ 151,520,103</u>	<u>\$ 154,537,496</u>	<u>\$ 151,520,041</u>	<u>\$ 139,126,557</u>	<u>\$ 138,601,408</u>

## MARION COUNTY, OREGON

CHANGES IN NET ASSETS  
(accrual basis of accounting)

Last Ten Fiscal Years

	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (63,443,287)	\$ (68,147,034)	\$ (74,127,070)	\$ (80,648,876)	\$ (68,972,598)	\$ (71,343,758)	\$ (66,346,978)	\$ (52,756,726)	\$ (52,649,869)	\$ (57,049,755)
Business-type activities	(5,242,831)	(4,700,411)	1,360,997	2,036,058	1,264,761	500,464	1,344,649	(1,890,487)	(2,765,253)	(1,510,718)
Total primary government	<u>\$ (68,686,118)</u>	<u>\$ (72,847,445)</u>	<u>\$ (72,766,073)</u>	<u>\$ (78,612,818)</u>	<u>\$ (67,707,837)</u>	<u>\$ (70,843,294)</u>	<u>\$ (65,002,329)</u>	<u>\$ (54,647,213)</u>	<u>\$ (55,415,122)</u>	<u>\$ (58,560,473)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>										
Governmental activities:										
Property taxes	\$ 56,410,115	\$ 55,328,502	\$ 54,135,566	\$ 52,098,594	\$ 49,875,152	\$ 47,814,061	\$ 44,810,763	\$ 41,719,601	\$ 40,935,138	\$ 39,156,523
Franchise taxes	258,296	300,159	259,905	239,042	209,443	215,460	208,644	237,047	222,084	178,531
Unrestricted grants and contributions	4,519,082	5,297,123	5,168,854	5,275,498	4,490,292	4,630,045	3,812,816	4,489,552	3,219,022	4,020,650
Unrestricted investment earnings	752,181	751,126	1,276,223	2,143,463	3,538,182	3,869,082	2,895,835	1,490,163	796,061	1,089,913
Extraordinary items	(4,400,068)	(4,603,041)	-	-	-	1,215,375	9,733,374	-	-	(74,649)
Transfers	37,800	35,046	7,000,000	(73,030)	(41,199)	55,425	(63,000)	(58,504)	212,819	100,000
Total governmental activities	<u>57,577,406</u>	<u>57,108,915</u>	<u>67,840,548</u>	<u>59,683,567</u>	<u>58,071,870</u>	<u>57,799,448</u>	<u>61,398,432</u>	<u>47,877,859</u>	<u>45,385,124</u>	<u>44,470,968</u>
Business-type activities:										
Property taxes	248,113	246,700	248,965	311,797	237,170	352,428	387,895	416,476	398,777	469,282
Unrestricted investment earnings	118,265	145,817	359,510	727,773	1,112,519	1,248,581	850,857	438,909	355,900	609,788
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	36,876
Transfers	(37,800)	(35,046)	(7,000,000)	73,030	41,199	(55,425)	63,000	58,504	(212,819)	(100,000)
Total business-type activities	<u>328,578</u>	<u>357,471</u>	<u>(6,391,525)</u>	<u>1,112,600</u>	<u>1,390,888</u>	<u>1,545,584</u>	<u>1,301,752</u>	<u>913,889</u>	<u>541,858</u>	<u>1,015,946</u>
Total primary government	<u>\$ 57,905,984</u>	<u>\$ 57,466,386</u>	<u>\$ 61,449,023</u>	<u>\$ 60,796,167</u>	<u>\$ 59,462,758</u>	<u>\$ 59,345,032</u>	<u>\$ 62,700,184</u>	<u>\$ 48,791,748</u>	<u>\$ 45,926,982</u>	<u>\$ 45,486,914</u>
<b>CHANGE IN NET ASSETS</b>										
Governmental activities	\$ (5,865,881)	\$ (11,038,119)	\$ (6,286,522)	\$ (20,965,309)	\$ (10,900,728)	\$ (13,544,310)	\$ (4,948,546)	\$ (4,878,867)	\$ (7,264,745)	\$ (12,578,787)
Business-type activities	(4,914,253)	(4,342,940)	(5,030,528)	3,148,658	2,655,649	2,046,048	2,646,401	(976,598)	(2,223,395)	(494,772)
Total primary government	<u>\$ (10,780,134)</u>	<u>\$ (15,381,059)</u>	<u>\$ (11,317,050)</u>	<u>\$ (17,816,651)</u>	<u>\$ (8,245,079)</u>	<u>\$ (11,498,262)</u>	<u>\$ (2,302,145)</u>	<u>\$ (5,855,465)</u>	<u>\$ (9,488,140)</u>	<u>\$ (13,073,559)</u>

## Notes:

(1) Business-type activities included the Marion County Housing Authority through fiscal year 2010.

## MARION COUNTY, OREGON

FUND BALANCES, GOVERNMENTAL FUNDS  
(modified accrual basis of accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Operating Fund										
Nonspendable	\$ 19,284	\$ 21,690								
Restricted	2,000,000	3,000,000								
Committed	2,193,729	4,033,217								
Assigned	2,100,988	4,034,160								
Unassigned	<u>7,545,764</u>	<u>7,980,753</u>								
Total General Operating Fund	<u>13,859,765</u>	<u>19,069,820</u>								
General Fund										
Reserved			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,271	\$ 865,000
Unreserved			<u>6,446,160</u>	<u>5,967,914</u>	<u>11,277,134</u>	<u>11,171,805</u>	<u>9,472,408</u>	<u>9,487,500</u>	<u>13,902,974</u>	<u>13,090,304</u>
Total General Fund			<u>6,446,160</u>	<u>5,967,914</u>	<u>11,277,134</u>	<u>11,171,805</u>	<u>9,472,408</u>	<u>9,487,500</u>	<u>14,327,245</u>	<u>13,955,304</u>
Other governmental funds										
Nonspendable	1,029,240	887,094								
Restricted	13,106,572	11,556,896								
Committed	4,823,398	3,972,412								
Assigned	<u>31,542,606</u>	<u>22,502,444</u>								
Reserved			772,461	213,509	79,387	201,403	737,686	616,148	547,859	437,884
Unreserved, reported in:										
Special revenue funds			45,763,228	41,441,267	41,963,239	35,560,165	39,826,057	38,987,458	22,517,082	15,925,212
Capital projects funds			<u>1,039,434</u>	<u>1,297,058</u>	<u>1,446,905</u>	<u>1,784,369</u>	<u>37,866</u>	<u>2,246,855</u>	<u>2,594,700</u>	<u>1,642,308</u>
Total other governmental funds	<u>50,501,816</u>	<u>38,918,846</u>	<u>47,575,123</u>	<u>42,951,834</u>	<u>43,489,531</u>	<u>37,545,937</u>	<u>40,601,609</u>	<u>41,850,461</u>	<u>25,659,641</u>	<u>18,005,404</u>
Total governmental funds	<u>\$ 64,361,581</u>	<u>\$ 57,988,666</u>	<u>\$ 54,021,283</u>	<u>\$ 48,919,748</u>	<u>\$ 54,766,665</u>	<u>\$ 48,717,742</u>	<u>\$ 50,074,017</u>	<u>\$ 51,337,961</u>	<u>\$ 39,986,886</u>	<u>\$ 31,960,708</u>

## Notes:

(1) The County implemented GASB Statement No. 54 in fiscal 2011, resulting in some changes in the classification of governmental funds and fund balances.

## MARION COUNTY, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
(modified accrual basis of accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>REVENUES</b>										
Taxes	\$ 56,931,645	\$ 55,206,300	\$ 53,987,816	\$ 51,642,143	\$ 49,713,395	\$ 47,693,310	\$ 45,346,564	\$ 42,264,357	\$ 41,320,754	\$ 39,534,562
Licenses and permits	2,259,909	2,837,711	2,858,419	2,454,711	3,147,025	3,656,240	3,663,731	3,241,933	3,328,056	3,155,208
Intergovernmental	87,059,568	90,772,380	86,291,113	80,728,453	85,188,506	107,671,851	109,938,554	112,482,105	98,520,573	97,774,577
Charges for services	26,557,956	26,802,502	22,591,707	20,188,489	16,150,111	15,670,452	16,796,040	18,359,898	35,132,080	34,089,863
Fines and forfeitures	2,867,689	2,791,571	2,750,119	2,380,014	2,462,386	2,464,004	1,847,871	1,270,592	1,089,499	1,264,763
Interest	711,839	711,757	1,192,044	1,995,736	3,278,843	3,655,703	2,626,278	1,348,957	673,333	836,977
Other	531,180	389,652	358,888	177,591	626,758	661,065	531,260	174,529	195,043	142,204
Total revenues	<u>176,919,786</u>	<u>179,511,873</u>	<u>170,030,106</u>	<u>159,567,137</u>	<u>160,567,024</u>	<u>181,472,625</u>	<u>180,750,298</u>	<u>179,142,371</u>	<u>180,259,338</u>	<u>176,798,154</u>
<b>EXPENDITURES</b>										
General government	12,249,892	11,866,007	10,206,092	11,178,064	10,573,571	9,526,733	10,566,035	8,860,518	45,057,236	27,408,335
Health and social services	54,118,820	58,099,011	58,680,292	51,298,954	45,475,884	72,720,683	71,887,352	67,283,326	62,930,206	66,573,659
Public safety and judicial	68,460,354	67,956,195	66,043,416	68,379,322	64,233,521	55,707,433	58,638,364	53,842,828	51,523,948	50,626,302
Community service	4,057,270	4,458,950	4,316,138	5,067,115	5,397,959	13,131,815	6,660,452	6,244,907	4,803,047	4,915,497
Roads and bridges	19,210,938	19,226,147	17,861,969	19,095,005	17,602,410	18,884,997	18,053,862	17,808,758	15,676,859	17,390,417
Education	860,305	1,013,928	829,640	1,418,857	1,535,458	1,319,634	1,640,790	1,699,570	1,384,000	1,326,883
Debt service:										
Principal	2,215,953	2,011,611	1,823,180	1,645,616	1,468,880	1,337,930	1,045,720	597,877	330,194	240,479
Interest	3,297,021	3,356,299	3,418,054	3,453,622	3,633,171	3,818,452	3,555,398	3,501,536	2,397,706	2,413,946
Capital outlay	5,461,094	6,466,382	7,700,356	3,683,613	3,521,569	7,068,068	22,521,843	9,741,918	5,202,783	34,269
Total expenditures	<u>169,931,647</u>	<u>174,454,530</u>	<u>170,879,137</u>	<u>165,220,168</u>	<u>153,442,423</u>	<u>183,515,745</u>	<u>194,569,816</u>	<u>169,581,238</u>	<u>189,305,979</u>	<u>170,929,787</u>
Excess (deficiency) of revenues over expenditures	<u>6,988,139</u>	<u>5,057,343</u>	<u>(849,031)</u>	<u>(5,653,031)</u>	<u>7,124,601</u>	<u>(2,043,120)</u>	<u>(13,819,518)</u>	<u>9,561,133</u>	<u>(9,046,641)</u>	<u>5,868,367</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Insurance proceeds	-	-	-	-	-	1,215,375	10,234,737	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	19,527,212	16,860,000	-
Payment to escrow agent	-	-	-	-	-	-	-	(19,527,212)	-	-
Transfers in	22,768,781	16,907,757	22,379,309	22,822,598	15,046,940	14,269,043	24,765,623	15,601,690	8,268,596	4,872,470
Transfers out	(23,384,005)	(17,997,717)	(16,428,743)	(23,016,484)	(16,122,618)	(14,797,573)	(22,444,786)	(13,811,748)	(8,055,777)	(4,772,470)
Total other financing sources (uses)	<u>(615,224)</u>	<u>(1,089,960)</u>	<u>5,950,566</u>	<u>(193,886)</u>	<u>(1,075,678)</u>	<u>686,845</u>	<u>12,555,574</u>	<u>1,789,942</u>	<u>17,072,819</u>	<u>100,000</u>
Net change in fund balance	<u>\$ 6,372,915</u>	<u>\$ 3,967,383</u>	<u>\$ 5,101,535</u>	<u>\$ (5,846,917)</u>	<u>\$ 6,048,923</u>	<u>\$ (1,356,275)</u>	<u>\$ (1,263,944)</u>	<u>\$ 11,351,075</u>	<u>\$ 8,026,178</u>	<u>\$ 5,968,367</u>
Debt service as a percentage of noncapital expenditures	<u>3.35%</u>	<u>3.20%</u>	<u>3.21%</u>	<u>3.16%</u>	<u>3.40%</u>	<u>2.92%</u>	<u>2.67%</u>	<u>2.56%</u>	<u>1.48%</u>	<u>1.55%</u>

MARION COUNTY, OREGON

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
(modified accrual basis of accounting)

Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property			Public Utilities	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
	Residential	Commercial	Other					
2012	\$ 10,371,277,720	\$ 5,153,446,071	\$ 3,302,287,509	\$ 694,860,320	\$ 533,328,534	\$ 20,055,200,154	\$ 3.03	\$ 25,397,332,998
2011	10,134,765,200	4,978,185,840	3,220,346,152	745,652,470	548,682,538	19,627,632,200	3.03	26,762,741,974
2010	9,832,759,440	4,891,576,173	3,122,784,069	717,776,570	550,426,322	19,115,322,574	3.03	28,338,030,519
2009	9,473,423,832	4,674,450,584	2,999,843,248	599,372,000	536,225,853	18,283,315,517	3.03	28,981,751,344
2008	8,697,447,133	4,487,098,761	3,137,763,190	602,559,889	512,477,729	17,437,346,702	3.03	27,405,903,335
2007	8,434,482,025	4,260,117,924	2,745,396,709	552,589,210	471,119,135	16,463,705,003	3.03	23,289,460,517
2006	7,957,081,724	4,078,154,740	2,616,354,477	557,935,917	456,276,837	15,665,803,695	3.02	20,630,408,778
2005	7,514,115,205	3,971,376,294	2,489,869,032	586,608,771	442,614,690	15,004,583,992	3.02	19,227,936,429
2004	7,142,042,113	3,933,217,960	2,372,522,014	543,718,823	437,767,697	14,429,268,607	3.02	18,145,181,926
2003	6,800,981,567	3,797,194,404	2,291,188,725	585,309,703	440,512,658	13,915,187,057	3.02	17,546,366,151

Sources:

Marion County Assessor.

Notes:

- (1) Estimated actual value of taxable property equals real market value except for tax exempt property which is excluded, and farm use property which is included at its lower taxable value. Real market value and assessed value were required to be equal by state law prior to fiscal year 1998. In May 1997, voters approved ballot Measure 50 which reduced assessed values to 90% of 1995 real market values and limits the annual increase in assessed values to 3%.
- (2) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.

MARION COUNTY, OREGON

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(rate per \$1,000 of assessed value)

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Marion County Direct Rate:										
General Operations	\$ 3.03	\$ 3.03	\$ 3.03	\$ 3.03	\$ 3.03	\$ 3.03	\$ 3.02	\$ 3.02	\$ 3.02	\$ 3.02
Overlapping Rates:										
Cities	0.28 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09	0.43 - 8.09
School Districts & ESD's	0.30 - 8.25	0.30 - 8.11	0.30 - 8.12	0.21 - 8.25	0.21 - 8.25	0.26 - 7.87	0.23 - 8.28	0.30 - 8.55	0.25 - 9.22	0.28 - 8.93
Chemeketa Community College	0.88	0.79	0.89	0.71	0.70	0.94	0.96	0.96	0.77	0.76
Brooks Community Service District	0.00	0.00	0.00	1.10	0.00	1.75	2.76	2.91	3.01	2.93
Water & Water Control Districts	0.05 - 1.03	0.05 - 1.00	0.05 - 1.00	0.05 - 1.00	0.05 - 1.00	0.05 - 1.00	0.05 - 1.00	0.05 - 1.00	0.05 - 2.23	0.05 - 1.00
Rural Fire Protection Districts	1.01 - 2.35	1.01 - 2.42	1.01 - 2.40	1.01 - 2.53	1.01 - 2.59	0.92 - 2.71	0.92 - 3.26	0.84 - 4.93	0.84 - 3.39	0.84 - 3.48
Special Purpose Districts	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76	0.08 - 0.76

Sources:

Marion County Tax Collector.

Notes:

(1) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.

## MARION COUNTY, OREGON

## PRINCIPAL PROPERTY TAXPAYERS

Current Fiscal Year and Nine Years Ago

Taxpayer	2012			2003		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Portland General Electric Co	1	\$ 244,609,320	0.96%	2	\$ 184,283,150	1.32%
Northwest Natural Gas Co	2	119,721,600	0.47%	4	78,875,100	0.57%
Winco Foods LLC	3	89,105,529	0.35%	5	66,855,857	0.48%
Qwest Corporation	4	70,743,800	0.28%	3	124,093,858	0.89%
Lancaster Development Co	5	60,195,480	0.24%	7	39,954,840	0.29%
Craig Realty Group Woodburn	6	49,024,540	0.19%	10	27,683,120	0.20%
Wal-Mart Real Estate Business	7	45,007,070	0.18%			
Norpac Foods Inc	8	55,760,329	0.22%	6	81,242,650	0.58%
Donahue Schriber Realty Group	9	49,049,190	0.19%			
HD Salem OR Landlord LLC	10	40,422,290	0.16%			
Mitsubishi Silicon America				1	254,689,970	1.83%
Comcast Corporation						
Metropolitan Life Insurance Co				9	27,408,720	0.20%
Boise Cascade Corp				8	33,558,890	0.24%
Total for principal taxpayers		<u>\$ 823,639,148</u>	<u>3.24%</u>		<u>\$ 918,646,155</u>	<u>6.60%</u>
Total taxable assessed value		<u>\$ 25,397,332,998</u>			<u>\$ 13,915,187,057</u>	

Sources:

Marion County Assessor, Marion County Tax Collector.

Notes:

(1) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.



## MARION COUNTY, OREGON

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2012	\$ 58,696,510	\$ 54,896,065	93.53%	\$ -	\$ 54,896,065	93.53%
2011	57,538,690	53,606,948	93.17%	1,006,704	54,613,652	94.92%
2010	56,220,810	52,312,753	93.05%	1,487,850	53,800,603	95.70%
2009	54,128,189	50,344,904	93.01%	1,957,550	52,302,454	96.63%
2008	51,700,531	48,420,768	93.66%	1,744,987	50,165,755	97.03%
2007	49,372,997	46,532,052	94.25%	1,446,493	47,978,545	97.18%
2006	46,814,427	44,094,655	94.19%	1,397,919	45,492,574	97.18%
2005	44,807,030	41,736,268	93.15%	1,590,942	43,327,210	96.70%
2004	42,762,869	39,961,950	93.45%	1,303,314	41,265,264	96.50%
2003	41,192,772	38,260,343	92.88%	1,405,520	39,665,863	96.29%

Sources:

Marion County Tax Collector.

Notes:

- (1) Includes all County funds; excludes taxes collected by Marion County for other political subdivisions.
- (2) Marion County offers a 3% discount if tax payments are made by November 15 in the year levied.
- (3) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.

## MARION COUNTY, OREGON

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Refunding Obligations	Limited Tax Pension Obligations	Certificates of Participation	Notes Payable	Revenue Bonds	General Obligation Bonds	Notes Payable			
2012	\$ 13,655,469	\$ 40,783,125	\$ -	\$ -	\$ 2,651,109	\$ -	\$ 761,360	\$ 57,851,063	0.50%	\$ 180
2011	14,589,733	41,362,745	-	-	3,062,062	-	824,172	59,838,712	0.54%	188
2010	15,485,975	41,865,334	-	-	3,453,673	-	2,327,785	63,132,767	0.59%	200
2009	16,355,058	42,288,832	-	-	3,826,853	-	2,448,584	64,919,327	0.63%	204
2008	17,196,982	42,636,965	-	-	4,182,470	-	2,270,166	66,286,583	0.62%	211
2007	18,006,316	42,903,776	-	-	4,521,350	-	2,524,444	67,955,886	0.69%	218
2006	18,793,923	43,117,233	-	-	4,844,280	-	2,616,435	69,371,871	0.73%	226
2005	19,527,212	43,287,472	-	-	-	-	3,250,240	66,064,924	0.77%	216
2004	-	43,405,937	19,005,000	457,878	-	-	3,133,517	66,002,332	0.77%	219
2003	-	27,066,987	19,005,000	718,072	-	759,192	2,179,847	49,729,098	0.61%	167

Sources:

Oregon Treasury Department, Municipal Bond Division.

Notes:

- (1) Personal income and population data can be found in the Schedule of Demographic and Economic Statistics. When personal income was not yet available, an estimate was used based on the average rate of increase for the years presented.
- (2) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.
- (3) Business-type activities included the Marion County Housing Authority through fiscal year 2010.

MARION COUNTY, OREGON

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30	Refunding Obligations	Limited Tax Pension Obligations	Certificates of Participation	Revenue Bonds	Less Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Value of Taxable Property	Debt Per Capita
2012	\$ 13,655,469	\$ 40,783,125	\$ -	\$ 2,651,109	\$ (389,129)	\$ 56,700,574	0.22%	\$ 177
2011	14,589,733	41,362,745	-	3,062,062	(478,460)	58,536,080	0.22%	184
2010	15,485,975	41,865,334	-	3,453,673	(772,461)	60,032,521	0.21%	190
2009	16,355,058	42,288,832	-	3,826,853	(213,509)	62,257,234	0.21%	196
2008	17,196,982	42,636,965	-	4,182,470	(79,387)	63,937,030	0.23%	203
2007	18,006,316	42,903,776	-	4,521,350	(201,403)	65,230,039	0.28%	210
2006	18,793,923	43,117,233	-	4,844,280	(737,686)	66,017,750	0.32%	215
2005	19,527,212	43,287,472	-	-	(616,148)	62,198,536	0.32%	203
2004	-	43,405,937	19,005,000	-	(547,859)	61,863,078	0.34%	205
2003	-	27,066,987	19,005,000	-	(437,884)	45,634,103	0.26%	153

Sources:

Oregon Treasury Department, Municipal Bond Division.

Notes:

(1) Property value data can be found in the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

## MARION COUNTY, OREGON

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2012

Overlapping District	Outstanding Net Property Tax Backed Debt	Percent Overlapping	Net Overlapping Debt
Cities:			
City of Aurora	\$ 3,090,000	100.0000%	\$ 3,090,000
City of Donald	70,000	100.0000%	70,000
City of Mill City	1,006,408	23.4833%	236,338
City of St. Paul	62,514	100.0000%	62,514
City of Salem	63,566,194	84.7670%	53,883,156
City of Silverton	6,073,143	100.0000%	6,073,143
City of Woodburn	5,365,000	100.0000%	5,365,000
School Districts & ESD's:			
Marion County SD 1 (Gervais)	7,894,013	100.0000%	7,894,013
Marion County SD 4J (Silver Falls)	59,200,836	91.7261%	54,302,618
Marion County SD 5 (Cascade)	31,312,770	100.0000%	31,312,770
Marion County SD 14J (Jefferson)	5,816,314	92.2179%	5,363,683
Marion County SD 15 (N. Marion)	16,516,371	100.0000%	16,516,371
Marion County SD 24J (Salem-Keizer)	499,357,379	88.8377%	443,617,610
Marion County SD 29J (N. Santiam)	15,946,834	77.8238%	12,410,432
Marion County SD 45 (St. Paul)	3,680,000	100.0000%	3,680,000
Marion County SD 91 (Mt. Angel)	2,010,000	100.0000%	2,010,000
Marion County SD 103 (Woodburn)	16,226,100	100.0000%	16,226,100
Linn County SD 129J (Santiam Canyon)	4,405,000	52.0939%	2,294,736
Polk County SD 13J (Central)	84,264,824	1.2193%	1,027,441
Willamette ESD	1,835,000	63.4427%	1,164,174
Chemeketa Community College	88,030,000	69.5714%	61,243,703
Rural Fire Districts:			
Aumsville Rural Fire District	515,000	100.0000%	515,000
Hubbard Rural Fire District	55,000	100.0000%	55,000
Idanha-Detroit Rural Fire District	125,000	93.6560%	117,070
Jefferson Rural Fire District	75,000	58.9147%	44,186
Keizer Rural Fire District	755,000	100.0000%	755,000
Marion County Rural Fire District 1	8,135,000	100.0000%	8,135,000
Silverton Rural Fire District	1,210,000	94.7289%	1,146,220
Stayton Rural Fire District	570,000	88.4732%	504,297
Sublimity Rural Fire District	435,000	100.0000%	435,000
Woodburn Rural Fire District	3,060,000	100.0000%	3,060,000
Subtotal, overlapping debt	<u>\$ 930,663,700</u>		742,610,575
Marion County direct debt			<u>57,089,703</u>
Total direct and overlapping debt			<u>\$ 799,700,278</u>

Sources:

Oregon State Treasury, Debt Management Division.

Notes:

- (1) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.
- (2) Percent overlapping is the estimated real market value of taxable property in the overlapping district as a percentage of the County total.

MARION COUNTY, OREGON  
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Real Market Value (RMV) (thousands)</b>	<u>\$ 33,412,694</u>	<u>\$ 34,978,576</u>	<u>\$ 36,446,336</u>	<u>\$ 37,002,691</u>	<u>\$ 35,276,496</u>	<u>\$ 29,663,727</u>	<u>\$ 26,500,539</u>	<u>\$ 24,906,909</u>	<u>\$ 23,481,602</u>	<u>\$ 22,641,291</u>
<b>General Obligation Bonds</b>										
Debt limit rate (as % of RMV)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Debt limit (thousands)	\$ 668,254	\$ 699,572	\$ 728,927	\$ 740,054	\$ 705,530	\$ 593,275	\$ 530,011	\$ 498,138	\$ 469,632	\$ 452,826
Total applicable debt (thousands)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 668,254</u>	<u>\$ 699,572</u>	<u>\$ 728,927</u>	<u>\$ 740,054</u>	<u>\$ 705,530</u>	<u>\$ 593,275</u>	<u>\$ 530,011</u>	<u>\$ 498,138</u>	<u>\$ 469,632</u>	<u>\$ 452,826</u>
Total applicable debt as a percentage of the debt limit	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
<b>Limited Tax Pension Obligations</b>										
Debt limit rate (as % of RMV)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Debt limit (thousands)	\$ 1,670,635	\$ 1,748,929	\$ 1,822,317	\$ 1,850,135	\$ 1,763,825	\$ 1,483,186	\$ 1,325,027	\$ 1,245,345	\$ 1,174,080	\$ 1,132,065
Total applicable debt (thousands)	<u>40,783</u>	<u>41,363</u>	<u>41,865</u>	<u>42,289</u>	<u>42,637</u>	<u>42,904</u>	<u>43,117</u>	<u>43,287</u>	<u>43,406</u>	<u>27,067</u>
Legal debt margin	<u>\$ 1,629,852</u>	<u>\$ 1,707,566</u>	<u>\$ 1,780,452</u>	<u>\$ 1,807,846</u>	<u>\$ 1,721,188</u>	<u>\$ 1,440,282</u>	<u>\$ 1,281,910</u>	<u>\$ 1,202,058</u>	<u>\$ 1,130,674</u>	<u>\$ 1,104,998</u>
Total applicable debt as a percentage of the debt limit	<u>2.4%</u>	<u>2.4%</u>	<u>2.3%</u>	<u>2.3%</u>	<u>2.4%</u>	<u>2.9%</u>	<u>3.3%</u>	<u>3.5%</u>	<u>3.7%</u>	<u>2.4%</u>
<b>Limited Tax Obligations</b>										
Debt limit rate (as % of RMV)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debt limit (thousands)	\$ 334,127	\$ 349,786	\$ 364,463	\$ 370,027	\$ 352,765	\$ 296,637	\$ 265,005	\$ 249,069	\$ 234,816	\$ 226,413
Total applicable debt (thousands)	<u>56,004</u>	<u>57,855</u>	<u>59,574</u>	<u>61,171</u>	<u>62,649</u>	<u>64,000</u>	<u>65,262</u>	<u>61,262</u>	<u>62,869</u>	<u>46,790</u>
Legal debt margin	<u>\$ 278,123</u>	<u>\$ 291,931</u>	<u>\$ 304,889</u>	<u>\$ 308,856</u>	<u>\$ 290,116</u>	<u>\$ 232,637</u>	<u>\$ 199,743</u>	<u>\$ 187,807</u>	<u>\$ 171,947</u>	<u>\$ 179,623</u>
Total applicable debt as a percentage of the debt limit	<u>16.8%</u>	<u>16.5%</u>	<u>16.3%</u>	<u>16.5%</u>	<u>17.8%</u>	<u>21.6%</u>	<u>24.6%</u>	<u>24.6%</u>	<u>26.8%</u>	<u>20.7%</u>

Notes:

(1) Information in this schedule satisfies the County's annual disclosure requirements under SEC Rule 15c2-12.

MARION COUNTY, OREGON  
PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Oregon Garden Revenue Bonds					
	Lottery Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 1,464,136	\$ -	\$ 1,464,136	\$ 410,953	\$ 141,111	265%
2011	1,172,765	-	1,172,765	391,611	160,452	212%
2010	1,142,037	-	1,142,037	373,180	178,883	207%
2009	1,391,254	-	1,391,254	355,616	196,447	252%
2008	1,521,182	-	1,521,182	338,880	213,184	276%
2007	1,397,951	-	1,397,951	322,930	229,133	253%
2006	1,119,198	-	1,119,198	155,720	180,937	332%

Notes:

- (1) The County assumed the debt for the Oregon Garden Revenue Bonds in fiscal 2006.  
The County has had no other outstanding revenue bonds over the last ten fiscal years.

MARION COUNTY, OREGON  
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2012	320,550	(1)	(1)	10.2%
2011	318,150	(1)	(1)	11.0%
2010	315,900	10,623,995	33,605	10.9%
2009	318,170	10,277,560	32,795	6.6%
2008	314,865	10,675,641	34,468	5.4%
2007	311,070	9,901,895	32,258	5.7%
2006	306,665	9,458,541	31,186	6.5%
2005	305,715	8,635,434	28,837	7.6%
2004	301,781	8,528,650	28,703	8.0%
2003	298,624	8,168,137	27,659	7.3%

Sources:

Bureau of Economic Analysis, Regional Economic Data.

Bureau of Labor Statistics, Local Area Unemployment Statistics.

Population Research Center, Portland State University.

Notes:

(1) Information is not available.

(2) Unemployment rates presented are the annual average rate for the prior calendar year.

## MARION COUNTY, OREGON

## PRINCIPAL EMPLOYERS AND EMPLOYMENT BY INDUSTRY

Current Fiscal Year and Nine Years Ago

Employer	2012			2003		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
State of Oregon	19,000-19,499	1	14.71%	16,500-16,999	1	13.09%
Salem/Keizer School District	4,000-4,499	2	3.25%	3,500-3,999	2	2.93%
Salem Hospital	4,000-4,499	3	3.25%	2,500-2,999	3	2.15%
Chemeketa Community College	1,500-1,999	4	1.34%	1,500-1,999	4	1.37%
Marion County	1,000-1,499	5	0.95%	1,000-1,499	7	0.98%
US Government	1,000-1,499	6	0.95%	1,000-1,499	6	0.98%
City of Salem	1,000-1,499	7	0.95%	1,500-1,999	5	1.37%
Norpac Foods Inc	1,000-1,499	8	0.95%	1,000-1,499	9	0.98%
SAIF Corporation	500-999	9	0.57%			
T-Mobile	500-999	10	0.57%	1,000-1,499	8	0.98%
Mitsubishi Silicon America				1,000-1,499	10	0.98%
Total for Principal Employers	33,500-38,499		27.50%	30,500-35,499		25.78%
<b>Employment by Industry</b>						
Government	34,460		26.33%	31,317		24.47%
Trade, Transportation & Utilities	22,161		16.93%	22,504		17.59%
Education & Health Services	18,624		14.23%	15,037		11.75%
Professional & Business Services	9,818		7.50%	11,036		8.62%
Manufacturing	9,616		7.35%	11,521		9.00%
Leisure & Hospitality	10,682		8.16%	10,845		8.48%
Natural Resources & Mining	9,417		7.19%	9,103		7.11%
Construction	5,414		4.14%	6,098		4.77%
Financial Activities	5,747		4.39%	5,590		4.37%
Other Services	4,963		3.79%	4,912		3.84%
Total County Employment	130,902		100.00%	127,963		100.00%

Sources:

Oregon Employment Department.

SEDCOR - Strategic Economic Development Corporation.

Notes:

(1) Information is presented for the prior calendar year.

(2) All numbers include full-time and part-time employees.

(3) Percentage of total county employment is based on the midpoints of the ranges given.



## MARION COUNTY, OREGON

## COUNTY EMPLOYEES BY FUNCTION AND BARGAINING UNIT

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Full Time Equivalent (FTE)</b>										
<b>Employees by Function:</b>										
Governmental activities:										
General government	224.0	223.0	234.8	242.3	250.3	247.3	244.8	240.3	236.8	243.6
Health and social services	349.4	360.3	382.2	360.4	339.4	295.4	291.0	294.9	237.8	235.9
Public safety and judicial	541.3	556.6	555.3	582.9	588.1	559.1	560.8	537.0	523.4	497.1
Community service	27.3	28.0	24.8	30.6	47.7	50.7	48.7	45.7	45.7	43.2
Roads and bridges	133.0	128.3	136.8	149.5	155.0	155.0	153.0	143.0	142.0	124.8
Total governmental activities	<u>1,275.0</u>	<u>1,296.1</u>	<u>1,333.8</u>	<u>1,365.7</u>	<u>1,380.6</u>	<u>1,307.5</u>	<u>1,298.3</u>	<u>1,260.9</u>	<u>1,185.7</u>	<u>1,144.6</u>
Business-type activities:										
Environmental services	33.3	33.1	29.1	12.1	12.5	10.5	10.5	17.0	18.5	18.5
Total FTE budgeted	<u>1,308.3</u>	<u>1,329.2</u>	<u>1,362.9</u>	<u>1,377.8</u>	<u>1,393.1</u>	<u>1,318.0</u>	<u>1,308.8</u>	<u>1,277.9</u>	<u>1,204.2</u>	<u>1,163.1</u>
<b>Number of Employees</b>										
<b>by Bargaining Unit:</b>										
Marion County Employee Assoc.	693	718	764	763	745	758	755	723	663	654
Marion County Law Enforcement Association	198	211	226	227	218	219	216	204	179	177
Marion County Juvenile Employees Association	31	31	35	39	41	-	-	-	-	-
Federation of Oregon Parole and Probation Officers	34	37	41	41	45	42	41	38	34	32
Oregon Nurses Association	20	19	20	23	23	19	23	25	28	28
Unrepresented:										
Management and other	232	234	251	255	258	230	226	216	203	188
Temporary employees	230	242	257	257	281	294	321	333	347	376
Total county employees	<u>1,438</u>	<u>1,492</u>	<u>1,594</u>	<u>1,605</u>	<u>1,611</u>	<u>1,562</u>	<u>1,582</u>	<u>1,539</u>	<u>1,454</u>	<u>1,455</u>

Sources:

Marion County payroll records.

## MARION COUNTY, OREGON

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental Activities:</b>										
<b>General Government</b>										
General election information:										
Registered voters	(1)	142,968	(1)	150,122	(1)	138,705	(1)	145,717	(1)	132,912
Votes cast	(1)	102,281	(1)	126,583	(1)	99,675	(1)	130,609	(1)	97,317
Percentage voted	(1)	71.54%	(1)	84.32%	(1)	71.86%	(1)	89.63%	(1)	73.22%
Marriage licenses issued	2,350	2,334	2,297	2,456	2,387	2,328	2,133	2,157	2,269	2,146
Passports issued	677	712	801	891	1,205	1,378	635	766	704	746
Documents recorded	51,058	53,070	55,756	54,747	67,981	82,542	85,449	80,486	94,638	93,480
Property tax accounts:										
Residential	82,934	82,891	82,887	82,511	81,539	79,567	78,250	76,940	76,324	75,009
Commercial	8,876	8,855	8,753	8,604	9,564	8,215	8,386	8,747	8,790	8,777
Industrial	1,663	1,594	1,631	1,686	567	1,905	1,887	1,884	1,870	1,860
Farm	28,163	28,134	28,179	28,643	29,414	28,890	29,037	29,159	28,734	29,314
Utilities	1,852	1,841	1,771	1,438	1,490	1,433	1,481	1,466	1,589	1,545
Personal	6,215	6,280	5,953	5,380	5,059	4,860	4,725	4,594	5,072	5,143
<b>Health and Social Services</b>										
Total clinic visits	421,711	456,385	462,909	493,094	474,292	346,024	329,737	369,568	334,949	298,219
Number of clients served:										
Acute	6,361	6,813	7,680	6,025	5,675	3,485	3,357	3,157	2,916	3,017
Alcohol and drug treatment	2,187	2,114	2,144	3,371	4,387	477	3,348	450	649	655
Behavioral health (other)	6,134	6,017	5,889	4,714	4,302	5,633	3,578	5,175	5,953	7,992
Developmental disabilities	2,075	2,044	1,980	1,946	1,861	1,785	2,927	1,722	1,727	1,757
IDS & out-of-panel MH providers	5,903	5,422	4,750	4,534	3,914	3,953	n/a	n/a	n/a	n/a
Immunizations	2,971	6,270	10,323	8,049	11,060	6,529	7,480	5,627	5,803	1,167
Public health (other)	8,079	9,019	9,901	10,810	9,261	9,225	8,636	7,995	8,415	8,344
Women, infants and children (WIC)	9,648	11,397	12,741	12,558	10,772	15,967	15,215	15,337	14,779	5,860
Health inspections	3,073	3,351	3,066	3,757	2,795	3,875	3,685	3,657	3,578	3,298
Food handler cards issued	614	731	5,054	3,173	17,645	17,655	11,226	10,524	7,792	6,996
Birth and death certificates issued	16,175	17,538	16,294	16,094	15,416	8,049	7,764	7,715	7,736	7,488
<b>Public Safety and Judicial</b>										
Sheriff:										
Calls for service	23,132	23,024	24,507	28,427	27,065	28,494	39,490	36,070	35,933	34,308
Number of arrests	2,560	2,610	3,248	2,983	3,007	3,534	3,407	3,601	3,096	3,198
Number of inmates booked	13,731	15,197	16,446	16,321	17,304	19,171	19,511	19,499	18,962	17,330
Average daily jail population	454	542	534	526	534	538	539	539	544	524
Average length of jail stay (days)	11	14	19	20	25	25	17	19	21	23
Adults on probation and post-prison supervision (monthly average)	3,940	3,963	4,120	4,333	4,444	4,298	4,162	3,694	3,818	3,571
Juvenile:										
Youth served per year (2)	2,247	2,368	2,459	2,918	3,226	3,224	3,097	3,025	2,838	3,170
Community service hours completed (2)	14,626	15,239	16,966	19,552	17,763	15,619	14,446	13,613	14,027	13,897
Youth admitted to detention center (2)	1,051	1,125	1,128	1,073	1,211	1,234	853	946	913	1,164
Average length of stay (days) (2)	8.0	7.5	8.0	11.6	11.4	11.2	10.5	11.0	12.2	10.0
District Attorney:										
Adult criminal cases prosecuted (2)	9,687	9,600	10,799	11,071	12,430	13,066	13,542	13,470	n/a	n/a
Juvenile delinquency petitions filed (2)	582	479	694	978	1,136	1,273	1,237	1,270	n/a	n/a
Juvenile dependency petitions filed (2)	875	826	877	974	916	1,008	1,161	1,137	n/a	n/a
Volunteer hours for victim assistance (3)	18,401	26,003	24,903	25,878	52,861	44,076	53,749	52,232	n/a	n/a
Victims served (3)	5,792	4,294	4,725	3,668	3,887	3,879	3,040	3,060	n/a	n/a
<b>Business-Type Activities</b>										
<b>Environmental Services</b>										
Waste generated per capita (pounds)	2,718	2,621	2,637	2,902	3,227	3,311	3,091	2,875	2,701	2,770
Waste recovered per capita (pounds)	1,489	1,317	1,376	1,522	1,637	1,705	1,583	1,364	1,267	1,410
Waste recovery rate	54.8%	50.2%	52.2%	52.4%	50.7%	51.5%	51.2%	47.4%	46.9%	50.9%
Recycled waste (tons)	236,695	207,794	218,792	239,442	252,555	261,412	238,990	203,346	187,889	205,041

Sources:

Marion County department records.

Notes:

(1) General elections are held in November in even calendar years.

(2) Information is presented for the prior calendar year.

(3) Information prior to fiscal year 2009 is presented for the year ending March 31.

n/a Data is not available for this fiscal year.

## MARION COUNTY, OREGON

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b><u>Governmental Activities</u></b>										
<b>General Government</b>										
Buildings owneded:										
Center Street campus	9	9	9	9	9	9	9	9	7	7
Corrections campus	6	6	6	6	6	6	5	4	4	4
Downtown campus	2	2	2	2	2	2	2	2	2	2
Public Works campus	13	13	13	12	12	12	12	12	12	12
Other facilities countywide	12	12	12	11	11	11	11	11	11	11
<b>Community Service</b>										
Parks acreage	610.2	614.2	614.2	614.2	614.2	614.2	614.2	614.2	614.2	614.2
Number of developed facilities	18	19	19	19	19	19	19	17	17	17
Number of undeveloped facilities	3	3	3	3	3	3	3	6	6	6
Number of playgrounds	5	6	6	6	6	6	6	5	5	5
<b>Roads and Bridges</b>										
Roads maintained by county:										
- miles paved	925.8	925.2	932.0	932.0	926.9	926.9	926.9	927.0	924.0	923.0
- miles unpaved	192.8	192.8	192.8	192.8	192.8	192.8	195.3	196.0	196.0	198.0
Bridges	147	147	147	147	147	147	147	n/a	n/a	n/a
Ferries	2	2	2	2	2	2	2	2	2	2

Sources:

Marion County department records.

**INDEPENDENT AUDITOR'S REPORT REQUIRED  
BY OREGON STATE REGULATIONS**



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Board of Commissioners  
Marion County, Oregon  
Salem, Oregon

We have audited the basic financial statements of Marion County, Oregon (the County) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials.**

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

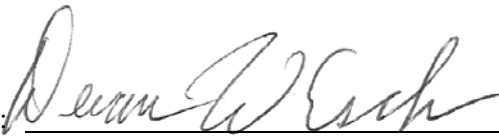
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did issue a separate control deficiency letter to management dated December 10, 2012.

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

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Devan W. Esch, A Shareholder  
December 10, 2012