

Josephine County Oregon

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2010

Josephine County, Oregon

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010



Report Prepared by Josephine County Finance Department

Arthur O'Hare, Controller

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JOSEPHINE COUNTY, OREGON



Josephine County Public Works ~ Fleet Division

The Fleet workgroup is responsible for the purchase and maintenance of all vehicles and equipment used by Public Works and the Josephine County Fleet. The staff consists of a Fleet Manager, two purchasing/warehouse staff members, one lead mechanic, one journeyman mechanic and seven vehicle/equipment mechanics. This workgroup is committed to the safe, reliable and efficient operation of over 370 pieces of rolling stock; from Sheriff's patrol vehicles to Transit buses and heavy construction equipment.

Both the County Fleet and Public Works Fleet workgroups use a Preventative Maintenance Inspection (PMI) Program as the foundation for managing the fleets. The PMI Program involves the appropriate care of a vehicle that leads to top dependability and maximum life from numerous critical vehicle components. The PMI is a carefully organized system of inspections made at regular mileage and/or calendar day intervals, combined with immediate attention to Driver Vehicle Inspection Reports (DVIR) and/or reports by the vehicle operators. The purpose is to provide a comprehensive inspection to meet all federal and state safety requirements. It also allows better component failure and maintains a lower vehicle cost life cycle.

An equally important management tool used by both fleets is a planned acquisition cycle. The acquisition plan is used as a guide for replacement of vehicles based on many factors. The ideal vehicle replacement would occur before the need for major repairs. Annual vehicle utilization also plays a role in the replacement decision, as under-used vehicles may be rotated to areas of greater need. Public Works utilizes an Equipment Acquisition Committee to review the major acquisitions planned for the next five years.

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Josephine County Public Works ~ Operations

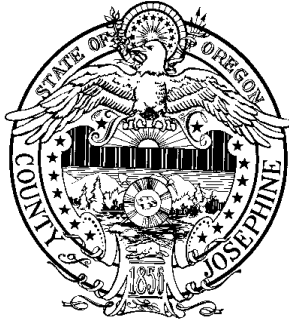
Ditch / Culvert Maintenance Program

Operations Workgroup performs annual ditch maintenance, culvert flushing and culvert repairs/replacement throughout the county road system. During the ditch/culvert maintenance season, which runs from October to May, Operations crews operate two (2) Gradalls for specialized maintenance issues, as well as, a Vac-Con (Flush Truck), and a Sloper blade for the ditch cleaning process.

Operation's is responsible for maintaining 580 road miles lined with ditches along with 13,000 culverts. Operations Workgroup performs annual ditch cleaning and shaping on approximately 1/3 of the total county-maintained road mileage. Through daily inspections from the Supervisors and crews working out in the field, a list is developed and addressed of any and all concerns and issues within the county, as well as, scheduled for future preventative maintenance.

INTRODUCTORY SECTION





Josephine County, Oregon

Finance Office

500 NW 6th Street Dept 4/Room 158
Grants Pass OR 97526

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

February 10, 2011

Honorable Members
Board of County Commissioners

Citizens of Josephine County

We are pleased to present to you the audited Comprehensive Annual Financial Report (CAFR) of Josephine County for the fiscal year ended June 30, 2010. This CAFR is published to fulfill the requirements of Oregon Revised Statute 297.415 and other state and local laws. The financial statements presented herein conform to generally accepted accounting principles and have been given an unqualified ("clean") opinion by the independent auditing firm of Isler CPA. The independent auditors' report is located at the front of the financial section of this report.

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

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

Profile of Josephine County Government

Josephine County is located in the southwestern corner of the State of Oregon. The southern border of the County forms the Oregon/California state line. The County was established on January 22, 1856. The County's boundaries encompass an area of 1,641 square miles. The County's population continues to show steady increases, growing from 75,726 in 2000 to 83,600 in 2010.

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

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

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

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

Local Economic Condition and Outlook

Most of Josephine County's industry and economic activity is centered around the City of Grants Pass. The economy, once highly dependent on the timber industry, is now highly diversified. Salaries and wages in Josephine County tend to be low compared to the state or nation and the unemployment rate tends to be above average (13.9% in July 2010 compared to the state average of 10.5%).

The population of Josephine County has grown approximately 12% since the year 2000, while the City of Grants Pass has experienced a population increase over 40%. The population growth creates a greater demand for the services provided by the County, but results in very little additional revenue to the County due to the property tax rate cap, as explained in greater detail in the MD&A.

In addition to population growth, the County is faced with a phase out of federal timber payments (also referred to as "O&C") over the next two years. This funding source represents 60% of current revenues of the Public Safety Fund. In light of this, the Board of County Commissioners in January 2009 implemented a three-year Public Safety Plan to maintain stable funding for public safety programs through fiscal year 2011-12.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Josephine County for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 12th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully Submitted,



Rosemary Padgett
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Josephine County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



President

Executive Director

Citizens of Josephine County CHARTER

Board of County Commissioners
Dwight F. Ellis, Sandi Cassanelli, and Dave Toler

Elected Officials

**Citizen Advisory Boards,
Commissions and Committees**

**Chief Financial Officer
Administration**
Rosemary DeLashmutt

BCC Administrative
Support

Human Resources
Sara Moyer

- Bikeways Committee
- Bd. Of Prop. Tax Appeals (BOPTA)
- Budget Committee
- Com. On Child & Families (CC&F)
- Compensation Board
- Elected Officials Comp. Committee
- Emergency Medical Services (EMS)
- Ext. Serv. Dist. Budget Comm.
- Fair Board
- Farm Review Board
- Fire Protection
- Forestland—Urban Comm.
- Health, Board of
- Housing & Com. Development Council—Josephine
- IV Watershed Council
- Josephine County Citizen Corps Council
- Law Library Advisory Com.
- Library Bd. Of Trustees
- Local Alcohol & Drug Plan. Com. (LADPC)
- Local Public Safety Coord. Council (LPSCC)
- Mental Health Advisory Bd.
- North Valley/Merlin Area General Service District Board
- Parks Advisory Board
- Planning Commission (Rural)
- Planning Commission (Urban)
- Public Transit Advisory Com. (JCT)
- Regional Invest. Board (JACK-JOCO)
- SO-REDI
- Solid Waste Agency (JOCO & GP)
- Special Transportation Advisory
- Timber Advisory Board
- Traffic Safety Advisory Board

Programs

Finance & Budget
Arthur O'Hare

Information Technology
& GIS
Ken Clever

Administrative Responsibility

Title II & III

Grant & Contract
Administration

Risk Management

Economic Development

Programs

Property Management
Phil Killian

Veteran's Service
Lisa Shipley

Parks
Doreen Ferguson

Transit
Scott Chancey

Fair
Jackie McBee

CC&F
Janet Bell

Airports
Alex Grossi

Forestry
Vic Harris

Administrative Responsibility

Emergency
Management

Fire
Protection

Mental
Health

Divisions

FACILITIES
(& Communications)
Rich Halliday

BUILDING &
SAFETY
Robert Rice

JUVENILE
JUSTICE
Janine Wilson

PUBLIC HEALTH
Belle Shepherd

PUBLIC WORKS
Rob Brandes

Co. Fleet

COMMUNITY
CORRECTIONS
Abe Huntley

PLANNING
Michael Snider

Assessor
Connie Roach

Clerk
Art Harvey

Surveyor
Peter Allen

County Counsel
Steve Rich

Treasurer
John Harelson

District Attorney
Stephen Campbell

Sheriff
Gil Gilbertson

JOSEPHINE COUNTY, OREGON

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2010

Elected Officials

Dwight F. Ellis	Chair, Board of County Commissioners
Sandi Cassanelli	Vice Chair, Board of County Commissioners
Dave Toler	Commissioner, Board of County Commissioners
Connie Roach	Assessor
Art Harvey	Clerk
Steve Rich	County Counsel
Stephen Campbell	District Attorney
Gil Gilbertson	Sheriff
Peter Allen	Surveyor
John Harelson	Treasurer

Appointed Officials

Alex Grossi	Department of Airports
Robert Rice	Building and Safety
Rosemary DeLashmutt	Chief Financial Officer
Janet Bell	Commission for Children and Families
Abe Huntley	Community Corrections
Rich Halliday	Facilities
Jackie McBee	Fair
Arthur O'Hare	Finance and Budget
Vic Harris	Forestry
Sara Moye	Human Resources
Ken Clever	Information Services
Janine Wilson	Juvenile Justice
Doreen Ferguson	Parks
Michael Snider	Planning
Phil Killian	Property Management
Belle Shepherd	Public Health
Robert Brandes	Public Works
Scott Chancey	Transit
Lisa Shipley	Veteran's Service