

Josephine County Oregon

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2006

Josephine County, Oregon

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006



Report Prepared by Josephine County Finance Department

Arthur O'Hare, Controller

William V. Burnes, CPA / Budget Analyst

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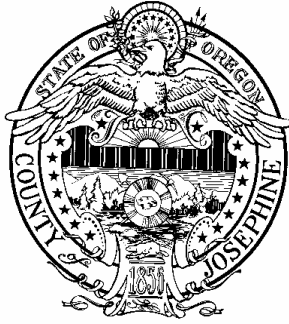
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INTRODUCTORY SECTION





Josephine County, Oregon

Finance Division

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November 15, 2006

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, 2006. 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 auditor’s 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 follow the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement 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. Living within these boundaries is a population of approximately 80,000 people. The County’s population continues to show significant increases, growing from 62,649 in 1990 to a projected 85,000 in 2010.

Josephine County has three commissioners who are elected at large for four-year terms. The daily administrative functions of each County department are overseen by an appointed Department Head or one of seven other 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 the non-elected department heads and 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 consist of 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, and libraries. 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 in and around the City of Grants Pass. The economy, once highly dependent on the timber industry, is now highly diversified. The area is not dependent on any one company or industry. Salaries and wages in Josephine County tend to be low compared to the state or nation. The unemployment rate has been high compared to the national average for many years, but it is currently lower than in recent years (6.1% in June 2006). Josephine County continues to experience population growth caused primarily by new residents moving to it from neighboring states.

Although the local economic outlook is generally positive, the growth in employment and population results in very little additional revenue to the County, but creates a greater demand for the services provided by the County. As explained in greater detail in MD&A, the property tax rate is capped, and the County is faced with the loss of O & C funding, which represents 56% of general fund revenues.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its 2005 Comprehensive Annual Financial Report. This is the eighth year in a row the County has received this prestigious award. To earn a Certificate of Achievement, the County must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements and will submit 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 Department. 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, 2005

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.

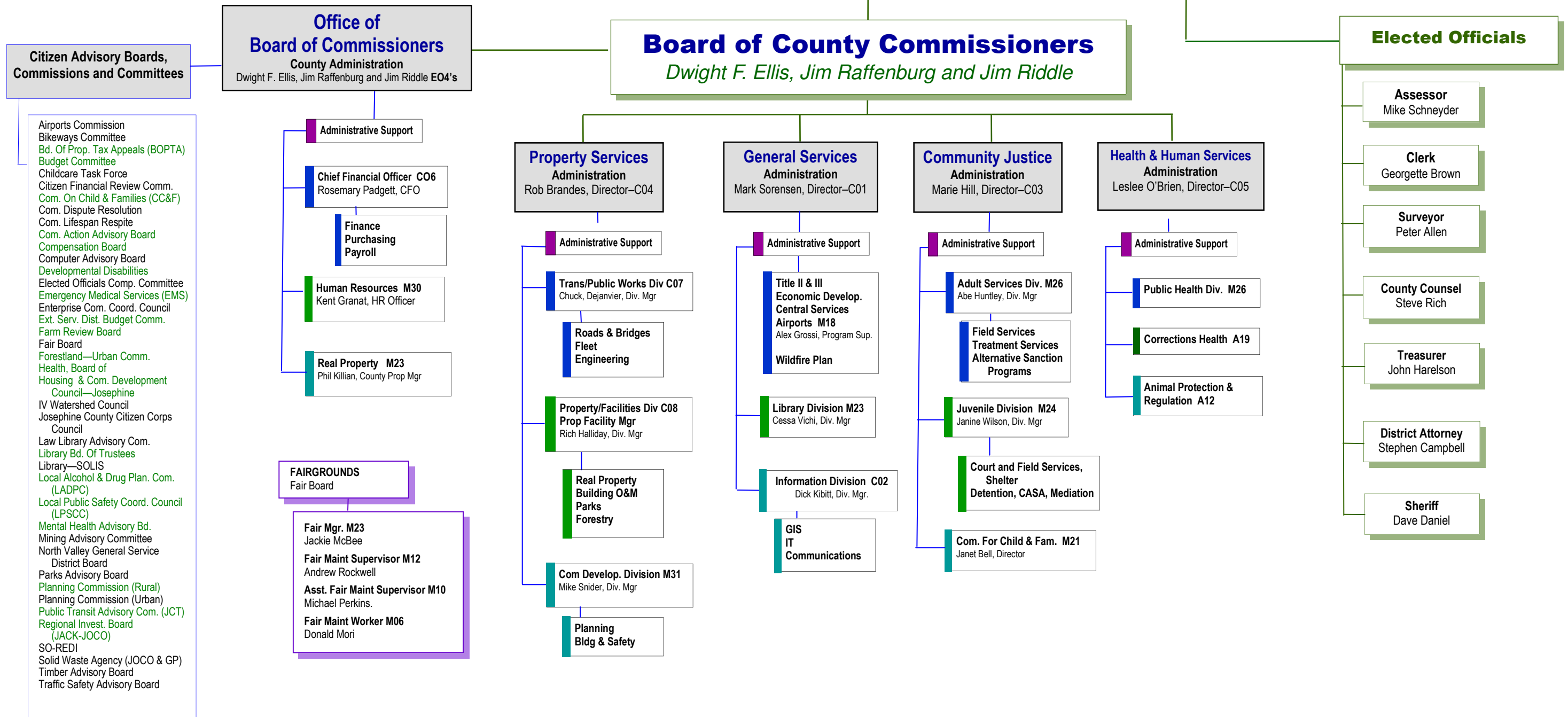


President

Executive Director

Citizens of Josephine County

CHARTER



JOSEPHINE COUNTY, OREGON

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2006

Elected Officials

Dwight Ellis	Chair, Board of County Commissioners
Jim Raffenburg	Vice Chair, Board of County Commissioners
Jim Riddle	Commissioner, Board of County Commissioners
Mike Schneyder	Assessor
Georgette Brown	Clerk
Steve Rich	County Counsel
Steve Campbell	District Attorney
Peter Allen	Surveyor
John Harelson	Treasurer
Dave Daniel	Sheriff

Appointed Officials

Alex Grossi	Department of Airports
Dave Bassett	Building and Safety
Marie Hill	Community Justice
Rosemary Padgett	Finance
Virgil Witcher	Forestry
Mark Sorenson	General Services
Kent Granat	Human Resources
Joe Adair	Human Services
Richard Kibitt	Information Services
Cessa Vichi	Library
Doreen Ferguson	Parks
Michael Snider	Planning
Leslie O'Brien	Public Health
Robert Brandes	Public Works