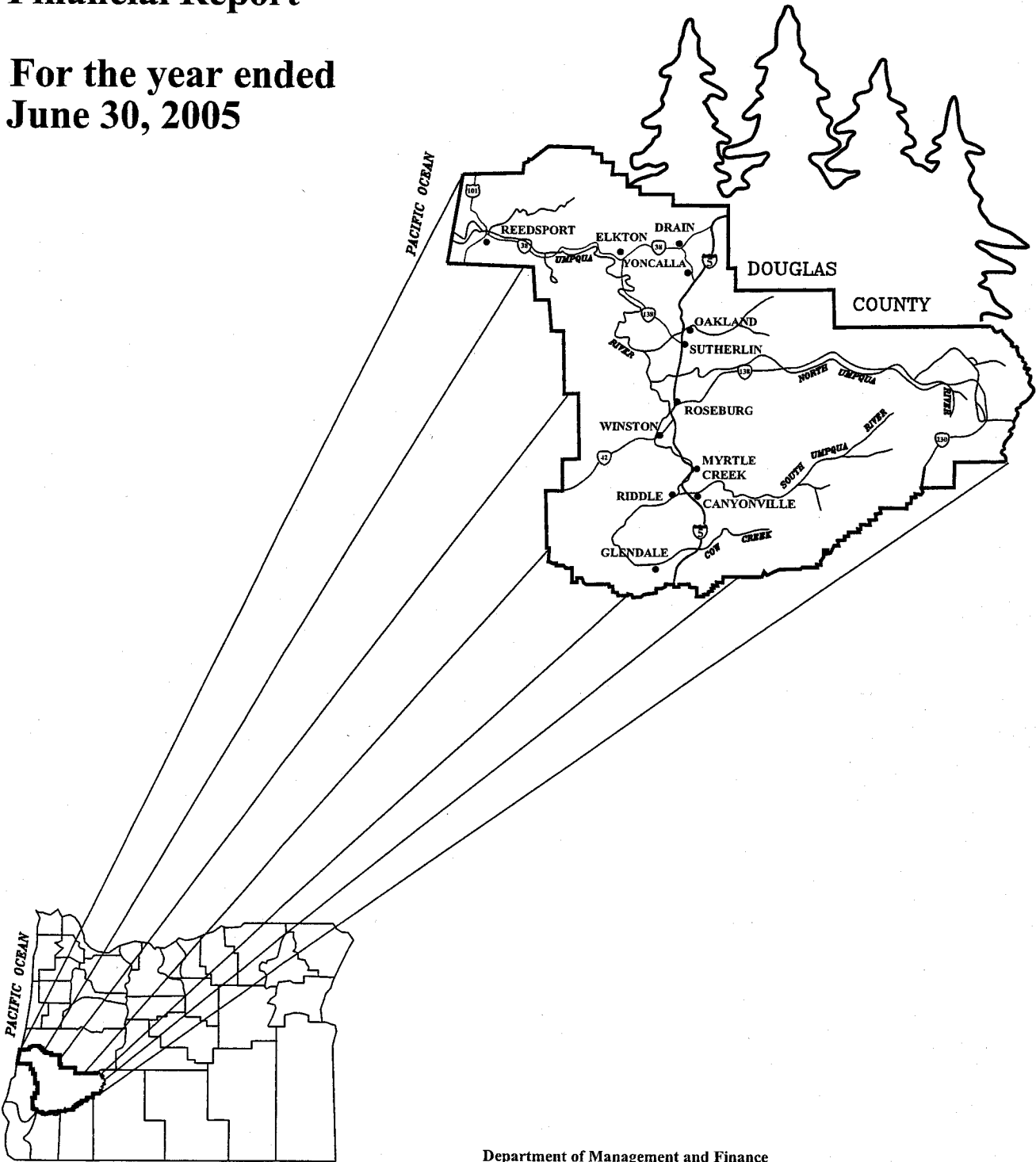


DOUGLAS COUNTY, OREGON

Comprehensive Annual Financial Report

For the year ended
June 30, 2005



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Department of Management and Finance

DOUGLAS COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ending June 30, 2005

DOUGLAS COUNTY, OREGON
Comprehensive Annual Financial Report

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INTRODUCTORY SECTION



OFFICE OF MANAGEMENT AND FINANCE

County Courthouse • 1036 SE Douglas, Room 301 • Roseburg, Oregon 97470

Sandra K. Correll, Chief Financial Officer

ACCOUNTS PAYABLE
(541)440-6164

PAYROLL
(541)440-4250

PURCHASING
(541) 440-4247

November 18, 2005

To the Citizens and Board of Commissioners
of Douglas, Oregon:

We are pleased to submit the Comprehensive Annual Financial Report of Douglas County, Oregon, for the fiscal year ended June 30, 2005, together with the opinion thereon of our independent certified public accounting firm licensed to perform municipal audits in Oregon. This report, required by Oregon Revised Statute 297.425 is prepared by Management and Finance. Also included are the auditor's report on internal controls and compliance in accordance with Government Auditing Standards and Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the provisions of Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133 and the provisions of *Government Auditing Standards* promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and accountants' reports on the internal control and compliance with applicable laws and regulations, are included in a separately issued single audit report.

This report consists of management's representations concerning the finances of Douglas County, Oregon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the county has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the county's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the county's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Douglas County's financial statements have been audited by Kenneth Kuhns & Co., Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the county for the fiscal year ended June 30, 2005, 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. Kenneth Kuhns & Co. has concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Douglas County's financial statements 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.

GAAP requires that management provide 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. Douglas County's MD&A can be found immediately following the independent auditors' report.

PROFILE OF DOUGLAS COUNTY, OREGON

The County was incorporated January 7, 1852. It extends from sea level at the Pacific Ocean to Mt. Thielsen (9,182 feet high) in the Cascade Range. The Umpqua River marks the dividing line between northern and southern Oregon, and its entire watershed lies within the County's boundaries. Douglas County contains the largest stand of old growth timber in the world. It has a land area of 5,071 square miles and a population of 102,350. The County is empowered to levy a property tax on both real and personal property.

The County operates under a three member Board of Commissioners. The Board is responsible for passing ordinances and resolutions, adopting the budget, appointing committees, and overseeing the day-to-day operations of the government. Board members serve four-year terms with two members' terms expiring simultaneously and the third member's term being staggered.

Douglas County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Douglas County is also financially accountable for a legally separate entity created to provide the people of Douglas County with access to adequate medical care and hospital facilities, which is reported separately within Douglas County's financial statements. Additional information on this legally separate entity can be found in note 1 of the notes to the financial statements.

The annual budget serves as the foundation for the county's financial planning and control. The budget is prepared on the modified accrual basis of accounting. In accordance with state statutes, the County budgets all funds except trust and agency funds. The County Board of Commissioners adopts the budget by department for those funds having more than one department and by major expenditure classification for those funds with only one department. The expenditure appropriations lapse at the end of the fiscal year. Additional resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation transfers between categories. The Board of Commissioners must approve any supplemental budget and any appropriation transfer in a public meeting. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. Historically, Douglas County's economic base has relied heavily on the lumber and wood products industry. This is not surprising when you consider that slightly over half of the County's total acreage is owned by the federal government and managed by the Bureau of Land Management and the Forest Service.

In recent years, the economic base has become more diversified. Population increases have been largely from the migration of retirement age people from other states. This, in turn, has contributed to moderate job growth in the both service and retail sectors. The service industries with the most growth are amusement and recreation, business services, social services, and health services.

Financial outlook. Historically, Douglas County's major source of revenue has been derived from timber harvests. In 1992, environmental concerns brought timber sales to a standstill. In 1993 Congress agreed to pay counties 85 percent of the average receipts from fiscal years 1986-87 through 1990-91. Beginning with fiscal 1994-95 counties began receiving a guaranteed payment that reduced by 3 percent a year. In October 2000, HR 2389, Federal Public Law 106-393 "Secure Rural Schools and Community Self-Determination Act of 2000" was enacted. These funds account for approximately 45% of the county's total annual revenues. The County will receive these funds through fiscal year 2006-07. Continuation of this funding beyond fiscal 2006-07 will require congressional action. Douglas County will continue to budget conservatively and manage reserves carefully until county funding can be stabilized.

Cash management policies and practices. The County Treasurer, an elected official, is responsible for the investment of all available monies. The County Treasurer complies with state statutes and limits investments primarily to certificates of deposit, obligations of the U.S. Treasury and its agencies, and repurchase agreements. A written Investment Policy, which regulates the County's investment objectives, diversification, limitations and reporting requirements and governs investment transactions, is reviewed with the Board of Commissioners annually.

The maturities of the investments range from one day to three years with an average maturity of 24 months. The average yield on investments was 2.675% during 2004-05. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

Risk management. The County has established an internal service fund to account for risk management activities and to protect the human, physical and financial assets of the County. As part of the County's plan for risk management, resources are accumulated in the Employee Benefits Trust Fund to meet potential losses. In addition, various control techniques, including loss prevention training and consultation, have been implemented to minimize losses. The County is self-insured for general liability and unemployment. The County is partially self-insured for workers' compensation. Third party coverage is currently maintained for workers' compensation claims in excess of \$750,000. Additional information on the County's risk management activity can be found in note 4A of the notes to the financial statements.

Pension benefits. Substantially all County employees are participants in the State of Oregon Public Employees' Retirement System (OPERS). Every other year, an independent actuary engaged by OPERS calculates the amount of the annual contribution rate that member employers must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The County's employer contribution rate was 12.09% in 2004-05. Additional information on OPERS can be found on their web site at: <http://oregon.gov/PERS>. Additional information on the County's pension plan benefits can be found in note 4D of the notes to the financial statements.

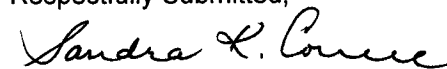
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2004. This was the seventeenth consecutive year that the County has received this prestigious national award. In order to be awarded a Certificate of Achievement, the County published 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 comprehensive annual 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the employees in the Finance Department who maintained the records and assisted in the preparation of this report. Appreciation is also extended to the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County.

Respectfully Submitted,



Sandra K. Correll
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Douglas County,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



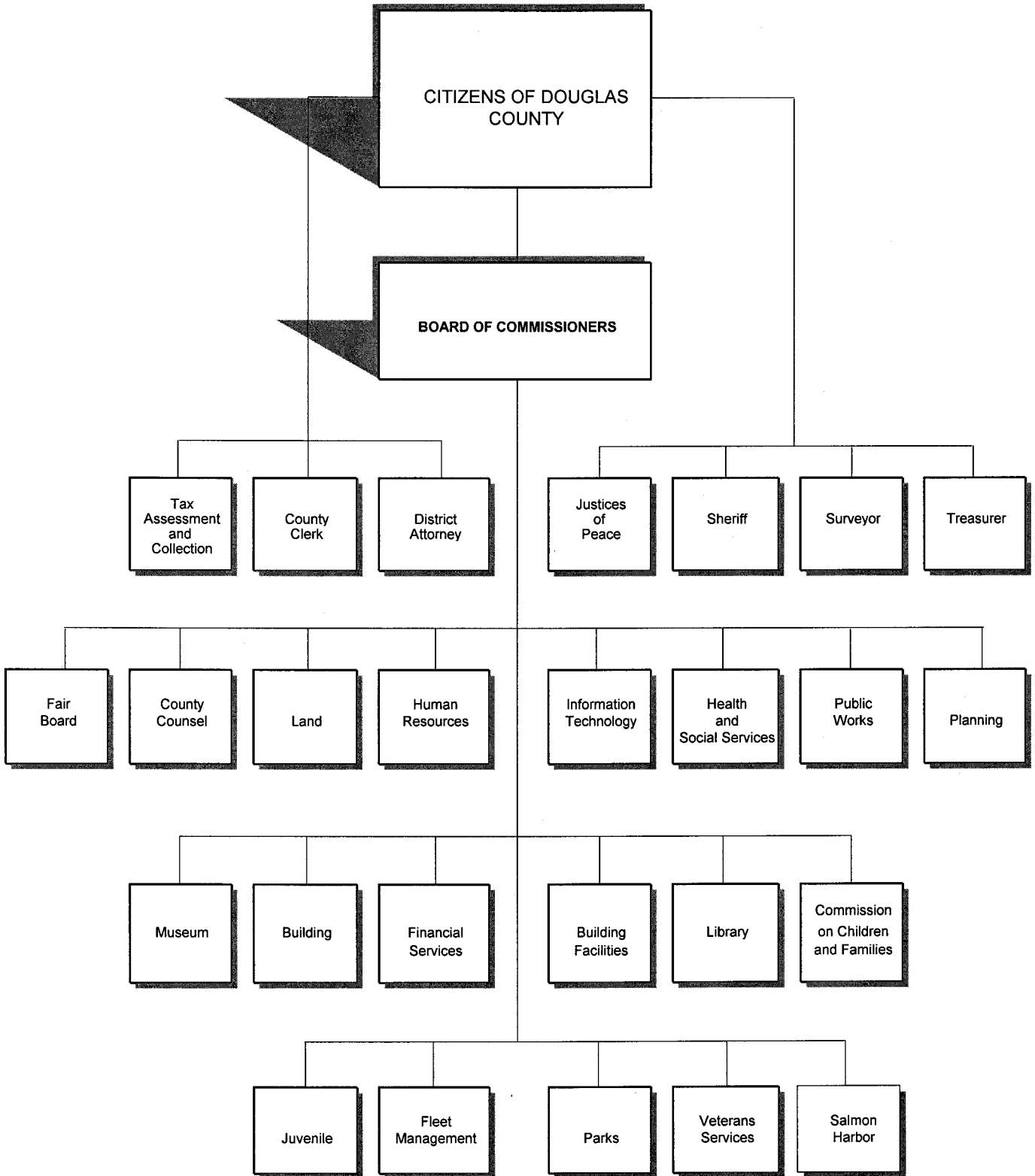
Nancy L. Zielke

President

Jeffrey R. Emery

Executive Director

DOUGLAS COUNTY, OREGON
ORGANIZATION CHART



DOUGLAS COUNTY, OREGON
LISTING OF PRINCIPAL OFFICIALS
as of June 30, 2005

BOARD OF COUNTY COMMISSIONERS
COUNTY COURTHOUSE
Roseburg, Oregon 97470

Telephone: (541) 440-4201

Name

Term Expiration Date

Doug Robertson
P.O. Box 383
Roseburg, Oregon 97470

December 31, 2008

Dan Van Slyke
11492 Buckhorn Road
Glide, Oregon 97443

December 31, 2006

Marilyn Kittelman
2303 Elkhead Road
Yoncalla, Oregon 97499

December 31, 2008

FINANCIAL SECTION

KENNETH KUHN & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594
TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S REPORT

November 18, 2005

Board of Commissioners
Douglas County, Oregon
Roseburg, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Douglas County, Oregon, as of and for the year ended June 30, 2005, 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.

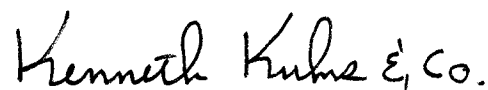
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Douglas County, Oregon, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 9, the schedule of funding progress on page 39 and the budgetary comparison information for the General Fund, the Public Works Fund, the Public Safety Fund and the Health and Social Services Fund on pages 40 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of management's discussion and analysis and the schedule of funding progress. However, we did not audit management's discussion and analysis or the schedule of funding progress and express no opinion on them. The budgetary comparison information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Douglas County, Oregon's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005 on our consideration of Douglas County, Oregon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Kenneth Kuhns & Co.".

Kenneth Kuhns & Co.

Douglas County, Oregon

Management's Discussion and Analysis

(MD&A)

We offer this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, which begins on page i, and the financial statements, which begin on page 10.

Financial Highlights

- Douglas County's assets exceeded its liabilities at June 30, 2005, by \$362,833,468 (*net assets*). Of this amount, \$54,076,965 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$18,293,318. This increase is due primarily to state funding that will be used to renovate county bridges.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$43,222,599 or 174% of total General Fund expenditures.

Overview of the Financial Statements

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

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 private-sector business reporting. One of the strengths of the new *government-wide financial statements* is that they eliminate what has had the appearance of double counting of internal service fund (charge-back) operations. These statements reflect the charged expenses in the programs for which services were provided, but do not reflect the expenses a second time as the costs that comprise these charges.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The County's capital assets (land, buildings, equipment and infrastructure) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government'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 that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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, public safety, highways and streets, sanitation, health and welfare, culture and recreation, conservation and education. The business-type activities of the County include a sewer treatment plant and the Salmon Harbor facility operation.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Hospital Facility Authority for which the County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 10.

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.

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 the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 16 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 Fund, Public Works Fund, Public Safety Fund and Health and Social Services Fund, all of which are considered to be major governmental funds. Data from the remaining governmental funds (non-major 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 all funds. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements and respective reconciliations can be found beginning on page 12.

Proprietary funds. The 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 sewer treatment plant operations and for the operation of the Salmon Harbor facility. *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 risk management activities and fleet operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but in greater detail. The enterprise fund financial statements provide separate information for the sewer treatment plant operations and the operation of the Salmon Harbor facility. The Salmon Harbor Fund is considered to be a major fund. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the proprietary and internal service funds is provided in the form of combining statements and fund schedules elsewhere in this report. The basic proprietary fund financial statements can be found on beginning on page 16.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support County programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 19.

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 beginning on page 20.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees; and budgetary comparative schedules for the County's major funds. Required supplementary information can be found on page 39.

Combining and individual fund statements and schedules for nonmajor funds can be found immediately following the required supplementary information.

Government-wide Financial Analysis

Net assets, over time, may serve as a useful indicator of a government's financial position. Douglas County's assets, including its capital assets net of depreciation, exceeded its liabilities by \$362,833,468.

The largest portion of the County's net assets (57%) reflects its investment in capital assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Approximately 28% of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance (15%) of *unrestricted net assets* (\$54,076,965) may be used to meet the government's ongoing obligations to citizens and creditors.

Douglas County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2005	6/30/2004	6/30/2005	6/30/2004	6/30/2005	6/30/2004
Cash and investments	\$166,617,750	\$145,765,479	\$1,205,198	\$1,386,672	\$167,822,948	\$147,152,151
Receivables	7,122,442	7,347,589	40,608	26,678	7,163,050	7,374,267
Internal balances	146,182		(146,182)			
Other assets	3,663,925	3,192,973	14,831	21,370	3,678,756	3,214,343
Interfund loan balances	2,361,529	2,361,529	(2,361,529)	(2,361,529)		
Capital assets	201,416,885	200,857,392	6,012,331	5,844,712	207,429,216	206,702,104
Total assets	381,328,713	359,524,962	4,765,257	4,917,903	386,093,970	364,442,865
Noncurrent liabilities	13,649,975	12,474,899			13,649,975	12,474,899
Other liabilities	9,563,066	7,386,606	47,461	41,210	9,610,527	7,427,816
Total liabilities	23,213,041	19,861,505	47,461	41,210	23,260,502	19,902,715
Net assets:						
Invested in capital assets	201,416,885	200,857,392	6,012,331	5,844,712	207,429,216	206,702,104
Restricted	101,327,287	81,619,046			101,327,287	81,619,046
Unrestricted	55,371,500	57,319,008	(1,294,535)	(1,100,008)	54,076,965	56,219,000
Total net assets	\$358,115,672	\$339,795,446	\$4,717,796	\$4,744,704	\$362,833,468	\$344,540,150

Douglas County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2005	6/30/2004	6/30/2005	6/30/2004	6/30/2005	6/30/2004
Revenues:						
Program revenues:						
Charges, fees and fines	\$11,483,171	\$12,470,737	\$1,728,482	\$1,638,466	\$13,211,653	\$14,109,203
Operating grants and contributions	79,187,360	57,968,857			79,187,360	57,968,857
Capital contributions	635,443	1,837,500			635,443	1,837,500
General revenues:						
Property taxes	6,194,146	5,702,210			6,194,146	5,702,210
Grants and contributions not restricted to specific programs	24,963,801	24,458,015	423,963	281,233	25,387,764	24,739,248
Gain on sale of assets	240,500				240,500	
Unrestricted investment earnings	4,481,310	1,183,245	36,755	32,111	4,518,065	1,215,356
Total revenues	<u>127,185,731</u>	<u>103,620,564</u>	<u>2,189,200</u>	<u>1,951,810</u>	<u>129,374,931</u>	<u>105,572,374</u>
Expenses:						
General government	26,999,463	23,937,853			26,999,463	23,937,853
Public safety	19,895,326	19,619,694			19,895,326	19,619,694
Highways and streets	23,575,513	23,612,089			23,575,513	23,612,089
Sanitation	5,662,893	1,007,499			5,662,893	1,007,499
Health and welfare	20,367,441	20,009,226			20,367,441	20,009,226
Culture and recreation	6,270,108	6,215,442			6,270,108	6,215,442
Conservation	1,104,040	995,030			1,104,040	995,030
Education	4,913,530	4,833,697			4,913,530	4,833,697
Interest on long-term debt	95,191	92,854			95,191	92,854
Sewer			505,431	456,770	505,431	456,770
Recreational facility			1,692,677	1,587,054	1,692,677	1,587,054
Total expenses	<u>108,883,505</u>	<u>100,323,384</u>	<u>2,198,108</u>	<u>2,043,824</u>	<u>111,081,613</u>	<u>102,367,208</u>
Increase (decrease) in net assets before transfers	18,302,226	3,297,180	(8,908)	(92,014)	18,293,318	3,205,166
Transfers	18,000	23,000	(18,000)	(23,000)		
Increase (decrease) in net assets	18,320,226	3,320,180	(26,908)	(115,014)	18,293,318	3,205,166
Net assets - July 1	<u>339,795,446</u>	<u>336,475,266</u>	<u>4,744,704</u>	<u>4,859,718</u>	<u>344,540,150</u>	<u>341,334,984</u>
Net assets - June 30	<u>\$358,115,672</u>	<u>\$339,795,446</u>	<u>\$4,717,796</u>	<u>\$4,744,704</u>	<u>\$362,833,468</u>	<u>\$344,540,150</u>

Governmental activities. Governmental activities increased net assets by \$18,320,226. This increase was primarily the result of increased funding from the state for the renovation of county bridges.

Business-type activities. Business-type activities decreased net assets by \$26,908. This decrease is primarily the result of increased operating costs associated with the Salmon Harbor Marina facility.

Financial Analysis of County 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, unreserved 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 \$166,665,087 an increase of \$18,320,226 over the prior year. Over 96% of this total ending balance constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to deposits, notes receivable, advances to other funds unpaid by year-end, and inventories.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$43,222,599, while total fund balance reached \$44,008,352. Unreserved fund balance represents 122% of total general fund expenditures and transfers to other funds.

The fund balance of the County's General Fund increased by \$620,639 in 2004-05. This increase is primarily attributable to the conservative budgeting practices of the governing board over the last few years.

The Public Works fund balance increased by \$19,933,086 including change in inventory. This increase is due primarily to additional funding from the State of Oregon for bridge projects. At the end of the current fiscal year, the unreserved fund balance of the Public Works Fund was \$94,574,488.

The Public Safety fund balance decreased \$341,121 to \$1,399,476. This decrease was due primarily to a decrease in charges for services, licenses and fines.

The Health & Social Services fund balance increased \$78,449 to \$4,215,704. This increase was due primarily to the increase in charges for services.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, for its two enterprise funds (Salmon Harbor and Glide-Idleld Sewer). Operations in these funds did not change significantly from the prior year.

General Fund Budgetary Highlights

Total appropriations in the General Fund's final amended budget were \$1,937,500 higher than the original budget. Major components of the increase were as follows:

- \$1,500,000 transfer to the Capital Projects Fund to complete the new fairgrounds convention center;
- \$300,000 transfer to the Employee Benefit Trust Fund to increase self-insurance reserves as recommended in the current actuarial report; and
- \$137,500 additional program costs in Building and Planning that were reflected in additional fee revenues from added services.

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, 2005 amounts to \$207,429,213 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads and bridges, park and recreational facilities. The County's net increase (additions, deductions and depreciation) in capital assets was \$727,109.

Capital Assets at Year-End (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$12,097,215	\$12,021,314	\$921,221	\$921,221	\$13,018,436	\$12,942,535
Buildings & improvements	25,056,933	25,319,665	5,069,054	4,901,006	30,125,987	30,220,671
Furniture and equipment	1,108,477	1,244,238			1,108,477	1,244,238
Vehicles & heavy equipment	8,196,757	8,611,764	22,056	22,485	8,218,813	8,634,249
Dams	22,388,915	22,765,199			22,388,915	22,765,199
Infrastructure	115,332,534	118,457,919			115,332,534	118,457,919
Construction in progress	17,236,051	12,437,293			17,236,051	12,437,293
Totals	\$201,416,882	\$200,857,392	\$6,012,331	\$5,844,712	\$207,429,213	\$206,702,104

The following table reconciles the changes in capital assets:

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$417,751,659	\$13,281,439	\$431,033,098
Additions	13,203,700	540,415	13,744,115
Retirements	(3,566,889)		(3,566,889)
Depreciation	(225,971,588)	(7,809,523)	(233,781,111)
Ending balance	<u>\$201,416,882</u>	<u>\$6,012,331</u>	<u>\$207,429,213</u>

Additional information on the County's capital assets can be found in note 3C beginning on page 30.

Long-term Debt. As of year-end, the County had \$1,742,210 in notes payable for industrial development within the County. The change of \$70,890 from the prior year was due to an additional loan in the amount of \$152,319 from the Oregon Department of Economic Development for water system improvements on Bolin Island less payments on loans in the amount of \$81,429 made during the year.

Douglas County has no outstanding bonded debt.

Additional information on the County's long-term debt can be found in note 3F beginning on page 32 of this report.

Economic Factors and Next Year's Budgets and Rates.

- The single most significant source of county revenue is the federal Rural Schools and Community Self-Determination Act, which provides funds in lieu of declining timber harvest revenues. The approximately \$50 million from this funding source will increase 1% annually until fiscal 2006-07 when

the Act expires. Continuation of this Act beyond 2006-07 will require future congressional action. These funds represent over 45% of the county's revenues.

- Although the local economy is beginning to diversify, the County is still heavily dependent on the wood products industry. At the close of the fiscal year, the County's unemployment rate was 8.3%, which is a slight decrease from the rate of 9.2% a year ago. This compares unfavorably to the state's average unemployment rate of 6.6% and the national average rate of 5.0%.
- County-issued building residential building permits increased 17% from the previous fiscal year.
- Total assessed value (the basis of property tax revenues) within the County increased 6%. This reflects only a slight growth on top of the constitutional 3% limit on increases to assessed valuations of existing property. Property taxes represent only 6% of overall County revenues.
- Inflationary trends for the county are comparable to national indices.

All of these factors were considered in preparing the County's budget for fiscal year 2005-06.

Requests for Information

This financial report is designed to provide a general overview of Douglas 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 directed to the Office of Management and Finance, 1036 SE Douglas Ave., Roseburg, Oregon 97470.

BASIC FINANCIAL STATEMENTS

DOUGLAS COUNTY, OREGON
STATEMENT OF NET ASSETS
June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	\$166,617,750	\$1,205,198	\$167,822,948	
Receivables	7,122,442	40,608	7,163,050	\$1,760,000
Internal balances	146,182	(146,182)		
Inventories	2,070,939	12,273	2,083,212	
Deposits and prepaid items	1,592,986	2,558	1,595,544	
Interfund loan balances	2,361,529	(2,361,529)		
Capital assets (net of accumulated depreciation):				
Land	12,097,215	921,221	13,018,436	
Buildings and improvements	25,056,933	5,069,054	30,125,987	
Furniture and equipment	1,108,477		1,108,477	
Vehicles and heavy equipment	8,196,760	22,056	8,218,816	
Dams	22,388,915		22,388,915	
Infrastructure	115,332,534		115,332,534	
Construction in progress	17,236,051		17,236,051	
Total assets	<u>381,328,713</u>	<u>4,765,257</u>	<u>386,093,970</u>	<u>1,760,000</u>
LIABILITIES				
Accounts payable and other current liabilities	6,085,776	47,461	6,133,237	
Accrued claims liability	2,402,000		2,402,000	
Unearned revenues	247,358		247,358	
Noncurrent liabilities:				
Due within one year	827,932		827,932	30,000
Due in more than one year	13,649,975		13,649,975	1,730,000
Total liabilities	<u>23,213,041</u>	<u>47,461</u>	<u>23,260,502</u>	<u>1,760,000</u>
NET ASSETS				
Investment in capital assets	201,416,885	6,012,331	207,429,216	
Restricted for:				
Highways and streets	96,119,952		96,119,952	
Health and social services	3,822,295		3,822,295	
Other purposes	1,385,040		1,385,040	
Unrestricted (deficit)	55,371,500	(1,294,535)	54,076,965	
Total net assets	<u>\$358,115,672</u>	<u>\$4,717,796</u>	<u>\$362,833,468</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and		Total	Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets			
					Governmental Activities	Business-type Activities		
Primary government :								
Governmental activities:								
General government	\$26,999,463	\$3,919,614	\$9,084,960		(\$13,994,889)		(\$13,994,889)	
Public safety	19,895,326	2,957,182	6,577,535		(10,360,609)		(10,360,609)	
Highways and streets	23,575,513	369,910	40,593,434	635,443	18,023,274		18,023,274	
Sanitation	5,662,893	266,995	600		(5,395,298)		(5,395,298)	
Health and welfare	20,367,441	1,147,052	17,446,758		(1,773,631)		(1,773,631)	
Culture and recreation	6,270,108	2,255,379	670,732		(3,343,997)		(3,343,997)	
Conservation	1,104,040	566,634	56,850		(480,556)		(480,556)	
Education	4,913,530	405	4,756,491		(156,634)		(156,634)	
Interest on long-term debt	95,191				(95,191)		(95,191)	
Total governmental activities	<u>108,883,505</u>	<u>11,483,171</u>	<u>79,187,360</u>	<u>635,443</u>	<u>(17,577,531)</u>	<u>-</u>	<u>(17,577,531)</u>	
Business-type Activities:								
Sewer	505,431	348,318				(157,113)	(157,113)	
Boat marina/RV park	1,692,677	1,380,164	423,963			111,450	111,450	
Total business-type activities	<u>2,198,108</u>	<u>1,728,482</u>	<u>423,963</u>	<u>-</u>	<u>-</u>	<u>(45,663)</u>	<u>(45,663)</u>	
Total primary government	<u>\$111,081,613</u>	<u>\$13,211,653</u>	<u>\$79,611,323</u>	<u>\$635,443</u>	<u>(17,577,531)</u>	<u>(45,663)</u>	<u>(17,623,194)</u>	
Component unit:								
Hospital Facility Authority	<u>\$561,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(\$561,531)</u>
General revenues:								
Property taxes					6,194,146		6,194,146	
Grants and contributions not restricted to specific purposes					24,963,801		24,963,801	
Unrestricted investment earnings					4,481,310	36,755	4,518,065	561,531
Gain on sale of assets					240,500		240,500	
Transfers					18,000	(18,000)		
Total general revenues and transfers					<u>35,897,757</u>	<u>18,755</u>	<u>35,916,512</u>	<u>561,531</u>
Change in net assets					<u>18,320,226</u>	<u>(26,908)</u>	<u>18,293,318</u>	<u>-</u>
Net assets - beginning					<u>339,795,446</u>	<u>4,744,704</u>	<u>344,540,150</u>	<u>-</u>
Net assets-ending					<u>\$358,115,672</u>	<u>\$4,717,796</u>	<u>\$362,833,468</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$43,910,288	\$95,690,475	\$701,015	\$4,953,308	\$16,963,825	\$162,218,911
Receivables	1,765,082	593,839	1,886,080	847,473	1,993,141	7,085,615
Due from other funds	2,180,169	22,085	23,027	71,948	735,174	3,032,403
Inventories	12,897	1,805,988				1,818,885
Deposits and prepaid items	785,753	3,731	5,490	39,711	59,587	894,272
Interfund loan receivable					2,361,529	2,361,529
Total assets	<u>\$48,654,189</u>	<u>\$98,116,118</u>	<u>\$2,615,612</u>	<u>\$5,912,440</u>	<u>\$22,113,256</u>	<u>\$177,411,615</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$2,741,759	\$150,646	\$2,487	\$1,043,346	\$361,232	\$4,299,470
Accrued payroll, withholdings and benefits	578,143	244,647	448,709	314,680	60,433	1,646,612
Due to other funds	1,030,865	1,187,044	266,589	329,182	544,742	3,358,422
Due to other government units	52,095	47,207				99,302
Deferred revenues	242,975	102,368	498,351	9,528	489,500	1,342,722
Total liabilities	<u>4,645,837</u>	<u>1,731,912</u>	<u>1,216,136</u>	<u>1,696,736</u>	<u>1,455,907</u>	<u>10,746,528</u>
Fund balances:						
Reserved for:						
Interfund loans receivable					2,361,529	2,361,529
Inventories		1,805,988				1,805,988
Notes receivable					1,285,530	1,285,530
O & C deposit	759,461					759,461
Deposits and prepaid items	26,292	3,731	5,490	39,711	59,587	134,811
Unreserved, reported in:						
General Fund	43,222,599					43,222,599
Special Revenue Funds		94,574,487	1,393,986	4,175,993	11,848,664	111,993,130
Capital Projects Fund					5,102,039	5,102,039
Total fund balances	<u>44,008,352</u>	<u>96,384,206</u>	<u>1,399,476</u>	<u>4,215,704</u>	<u>20,657,349</u>	<u>166,665,087</u>
Total liabilities and fund balances	<u>\$48,654,189</u>	<u>\$98,116,118</u>	<u>\$2,615,612</u>	<u>\$5,912,440</u>	<u>\$22,113,256</u>	<u>\$177,411,615</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2005

Fund Balances - Governmental Funds	\$166,665,087
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets net of accumulated depreciation	200,609,938
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds

Notes payable	(1,742,210)	
Accrued compensated absences	(2,144,176)	
Landfill closure and postclosure care cost	<u>(10,532,000)</u>	(14,418,386)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds	1,095,364
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Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities	4,163,669
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	<hr style="border-top: 1px solid black;"/>
Net Assets of Governmental Activities	<u>\$358,115,672</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Charges for services	\$3,041,272	\$142,912	\$1,577,514	\$705,863	\$1,638,055	\$7,105,616
Permits, licenses and fines	736,886	96,373	188,130	185,194	332,338	1,538,921
Intergovernmental	28,191,003	40,593,434	4,051,316	17,141,449	14,173,959	104,151,161
Property taxes			6,204,100			6,204,100
Assessments	2,923	52,666				55,589
Interest	1,303,378	2,432,823	39,960	111,438	480,779	4,368,378
Other	362,841	130,625	166,019	177,512	1,831,630	2,668,627
Total revenues	33,638,303	43,448,833	12,227,039	18,321,456	18,456,761	126,092,392
Expenditures:						
Current:						
General Government	14,097,663				9,246,031	23,343,694
Public Safety	3,223,310		15,722,970			18,946,280
Highways and Streets		14,591,256				14,591,256
Sanitation	2,362,647					2,362,647
Health and Welfare	229,417			19,531,581	331,525	20,092,523
Culture and Recreation	4,204,647				1,778,522	5,983,169
Conservation					708,265	708,265
Education					4,913,530	4,913,530
Capital outlay	766,299	6,020,316	665,163	68,889	6,400,878	13,921,545
Debt service:						
Principal					81,429	81,429
Interest					95,191	95,191
Total expenditures	24,883,983	20,611,572	16,388,133	19,600,470	23,555,371	105,039,529
Excess (deficiency) of revenues over (under) expenditures	8,754,320	22,837,261	(4,161,094)	(1,279,014)	(5,098,610)	21,052,863
Other financing sources (uses):						
Transfers in	2,276,147		3,819,973	1,740,636	6,402,428	14,239,184
Transfers out	(10,409,828)	(2,831,907)		(383,173)	(896,276)	(14,521,184)
Total other financing sources (uses)	(8,133,681)	(2,831,907)	3,819,973	1,357,463	5,506,152	(282,000)
Net change in fund balances	620,639	20,005,354	(341,121)	78,449	407,542	20,770,863
Fund balances, beginning	43,387,713	76,451,120	1,740,597	4,137,255	20,249,807	145,966,492
Change in reserve for inventories		(72,268)				(72,268)
Fund balances, ending	\$44,008,352	\$96,384,206	\$1,399,476	\$4,215,704	\$20,657,349	\$166,665,087

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

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

Net change in fund balances - Governmental Funds	\$20,770,863
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year:</p>	
Acquisition of capital assets	\$11,935,474
Less current year depreciation	<u>(9,424,216)</u>
	2,511,258
<p>Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>	
	635,443
<p>In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.</p>	
	(2,452,653)
<p>Governmental funds reported the increase in the Public Works inventory as a change in fund balance; however, in the statement of activities the change is included in expenses.</p>	
	(72,268)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	174,956
<p>The reduction in the estimated landfill closure and postclosure care costs does not require the use of current financial resources and is not reported in the governmental funds.</p>	
	(2,731,700)
<p>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.</p>	
	(748,234)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds, along with any change in contributed capital, is reported with governmental activities.</p>	
	<u>232,561</u>
Change in net assets - governmental activities	<u><u>\$18,320,226</u></u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Salmon Harbor		Glide-Idleyld Sewer		Total	Internal
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Service Funds
ASSETS						
Current assets:						
Cash and investments	\$741,539	\$928,300	\$463,659	\$458,372	\$1,205,198	\$4,398,839
Receivables	40,608	26,452		226	40,608	36,827
Due from other funds	470	2,576	9,302		9,772	600,317
Inventories	12,273	18,405			12,273	252,054
Deposits and prepaids	1,250	1,597	1,308	1,368	2,558	698,714
Total current assets	<u>796,140</u>	<u>977,330</u>	<u>474,269</u>	<u>459,966</u>	<u>1,270,409</u>	<u>5,986,751</u>
Capital assets:						
Land	921,221	921,221			921,221	
Buildings and improvements	7,524,781	6,990,756	5,269,220	5,269,220	12,794,001	
Furniture and equipment						108,442
Vehicles and heavy equipment	93,244	86,854	13,388	13,388	106,632	3,760,536
Less accumulated depreciation	<u>(3,512,252)</u>	<u>(3,315,096)</u>	<u>(4,297,271)</u>	<u>(4,121,631)</u>	<u>(7,809,523)</u>	<u>(3,062,031)</u>
Total capital assets (net of accumulated depreciation)	<u>5,026,994</u>	<u>4,683,735</u>	<u>985,337</u>	<u>1,160,977</u>	<u>6,012,331</u>	<u>806,947</u>
Total assets	<u>5,823,134</u>	<u>5,661,065</u>	<u>1,459,606</u>	<u>1,620,943</u>	<u>7,282,740</u>	<u>6,793,698</u>
LIABILITIES						
Current liabilities:						
Accounts payable		2,885				7,935
Accrued payroll, withholdings and benefits	20,896	17,428			20,896	32,457
Accrued compensated absences	26,565	20,897			26,565	59,521
Accrued claims liability						2,402,000
Due to other funds	135,471	119,251	24,952	23,153	160,423	123,647
Interfund loan payable	<u>2,361,529</u>	<u>2,361,529</u>			<u>2,361,529</u>	
Total current liabilities	<u>2,544,461</u>	<u>2,521,990</u>	<u>24,952</u>	<u>23,153</u>	<u>2,569,413</u>	<u>2,625,560</u>
NET ASSETS						
Invested in capital assets	5,026,994	4,683,735	985,337	1,160,977	6,012,331	806,947
Unrestricted (deficit)	<u>(1,748,321)</u>	<u>(1,544,660)</u>	<u>449,317</u>	<u>436,813</u>	<u>(1,299,004)</u>	<u>3,361,191</u>
Total net assets	<u>\$3,278,673</u>	<u>\$3,139,075</u>	<u>\$1,434,654</u>	<u>\$1,597,790</u>	<u>4,713,327</u>	<u>\$4,168,138</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>4,469</u>	
Net assets of business-type activities					<u>\$4,717,796</u>	

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
for the year ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental
	Salmon Harbor		Glide-Idleld Sewer		Total	Internal
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Service Funds
Operating revenues:						
Charges for services	\$1,109,109	\$1,063,346	\$348,318	\$360,118	\$1,457,427	\$11,489,298
Other	271,055	215,002			271,055	1,270,352
Total operating revenues	<u>1,380,164</u>	<u>1,278,348</u>	<u>348,318</u>	<u>360,118</u>	<u>1,728,482</u>	<u>12,759,650</u>
Operating expenses:						
Salaries and wages	392,380	375,371			392,380	684,288
Payroll taxes and benefits	179,693	160,285			179,693	320,674
Operating supplies and expenses	554,650	484,620	329,791	281,129	884,441	9,437,284
Utilities	238,036	216,524			238,036	48,460
Administrative expenses	127,392	154,566			127,392	2,075,620
Depreciation	197,156	203,527	175,640	175,641	372,796	373,606
Total operating expenses	<u>1,689,307</u>	<u>1,594,893</u>	<u>505,431</u>	<u>456,770</u>	<u>2,194,738</u>	<u>12,939,932</u>
Operating income (loss)	<u>(309,143)</u>	<u>(316,545)</u>	<u>(157,113)</u>	<u>(96,652)</u>	<u>(466,256)</u>	<u>(180,282)</u>
Nonoperating revenues and expenses:						
Intergovernmental	423,963	281,233			423,963	
Interest income	24,778	21,471	11,977	10,640	36,755	112,932
Gain (loss) on sale of capital assets						(3,459)
Total nonoperating revenues	<u>448,741</u>	<u>302,704</u>	<u>11,977</u>	<u>10,640</u>	<u>460,718</u>	<u>109,473</u>
Income (loss) before transfers	139,598	(13,841)	(145,136)	(86,012)	(5,538)	(70,809)
Transfers in						300,000
Transfers out			(18,000)	(23,000)	(18,000)	
Change in net assets	139,598	(13,841)	(163,136)	(109,012)	(23,538)	229,191
Total net assets-beginning	<u>3,139,075</u>	<u>3,152,916</u>	<u>1,597,790</u>	<u>1,706,802</u>		<u>3,938,947</u>
Total net assets-ending	<u>\$3,278,673</u>	<u>\$3,139,075</u>	<u>\$1,434,654</u>	<u>\$1,597,790</u>		<u>\$4,168,138</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(3,370)</u>	
Change in net assets of business-type activities					<u>(\$26,908)</u>	

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Salmon Harbor		Glide-Idlelyd Sewer		Total	Internal
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Service Funds
Cash flow from operating activities:						
Receipts from customers	\$1,366,008	\$1,278,830	\$348,544	\$360,178	\$1,714,552	
Receipts from interfund services provided						\$12,602,155
Payments to suppliers and contractors	(898,158)	(827,255)	(337,234)	(278,146)	(1,235,392)	(11,994,431)
Payments to employees	(562,937)	(535,291)			(562,937)	(997,852)
Other operating receipts						155,248
Net cash provided by (used in) operating activities	<u>(95,087)</u>	<u>(83,716)</u>	<u>11,310</u>	<u>82,032</u>	<u>(83,777)</u>	<u>(234,880)</u>
Cash flows from noncapital financing activities:						
Transfers from other funds						300,000
Transfers to other funds			(18,000)	(23,000)	(18,000)	
Operating grants from other governmental entities	423,963	281,233			423,963	
Net cash provided by (used in) noncapital and related financing activities	<u>423,963</u>	<u>281,233</u>	<u>(18,000)</u>	<u>(23,000)</u>	<u>405,963</u>	<u>300,000</u>
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets						32,427
Acquisition of capital assets	(540,415)	(44,865)			(540,415)	(274,937)
Net cash provided by (used in) capital and related financing activities	<u>(540,415)</u>	<u>(44,865)</u>	<u>-</u>	<u>-</u>	<u>(540,415)</u>	<u>(242,510)</u>
Cash flows from investing activities:						
Interest received	24,778	21,470	11,977	10,641	36,755	112,932
Net increase (decrease) in cash and cash equivalents	(186,761)	174,122	5,287	69,673	(181,474)	(64,458)
Cash and cash equivalents, beginning	928,300	754,178	458,372	388,699	1,386,672	4,463,297
Cash and cash equivalents, ending	<u>\$741,539</u>	<u>\$928,300</u>	<u>\$463,659</u>	<u>\$458,372</u>	<u>\$1,205,198</u>	<u>\$4,398,839</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(\$309,143)	(\$316,545)	(\$157,113)	(\$96,652)	(\$466,256)	(\$180,282)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	197,156	203,527	175,640	175,641	372,796	373,606
(Increase) decrease in:						
Accounts receivable	(14,156)	482	226	60	(13,930)	(1,213)
Prepaid expenses and deposits	347	(1,597)	60	(60)	407	(694,546)
Inventories	6,132	(4,169)			6,132	2,015
Interfund receivables	2,106	1,697,424	(9,302)		(7,196)	(1,034)
Increase (decrease) in:						
Accounts payable	(2,885)	(214)			(2,885)	7,935
Accrued payroll, withholdings and benefits	3,468	2,818			3,468	3,221
Accrued compensated absences	5,668	(2,453)			5,668	3,889
Accrued claims liability						330,727
Interfund payables	16,220	(1,662,989)	1,799	3,043	18,019	(79,198)
Total adjustments	<u>214,056</u>	<u>232,829</u>	<u>168,423</u>	<u>178,684</u>	<u>382,479</u>	<u>(54,598)</u>
Net cash provided by (used in) operating activities	<u>(\$95,087)</u>	<u>(\$83,716)</u>	<u>\$11,310</u>	<u>\$82,032</u>	<u>(\$83,777)</u>	<u>(\$234,880)</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2005

ASSETS

Cash and investments:

Equity in pooled cash and investments

\$1,958,180

Property taxes receivable

5,352,239

Total assets

\$7,310,419

LIABILITIES

Due to other governmental units

\$7,310,419

Total liabilities

\$7,310,419

The accompanying notes are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The County is a municipal corporation governed by a Board of Commissioners consisting of three independently elected members. As required by generally accepted accounting principles, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The component unit has a June 30 year-end. The County has no blended component units.

Discretely Presented Component Unit

The Hospital Facility Authority of Douglas County was created pursuant to ORS 441.530 to provide the people of Douglas County with access to adequate medical care and hospital facilities. The Authority acts as the financing authority for the hospital entity. The Authority has the power to acquire, own, lease, sell and dispose of hospital facilities, or lend money to construct hospital facilities, and to issue bonds and other obligations to provide hospital facilities. Although the Authority is not part of the County, the Douglas County Board of Commissioners appoints members of the Authority's Board. The Board of Commissioners may, at its sole discretion, alter or change the structure, organization, programs or activities of the Authority, subject to any limitations imposed by the impairment of contracts. The Board may dissolve the Authority at any time, provided the Authority has no bonds or other obligations outstanding.

Complete financial statements for the Hospital Facility Authority of Douglas County may be obtained at the Office of Finance and Management, Douglas County, Roseburg, Oregon.

B. Government-wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Changes in Net Assets report information on all of the nonfiduciary activities of the County (the primary government) and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the County is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

The *Public Works Fund* accounts for expenditures restricted under Article IX of the Constitution of the State of Oregon. Expenditures from this fund are for construction, reconstruction, improvement, repair, maintenance, and operation of roads and bridges within the County. Revenues consist primarily of motor vehicle fee apportionments from the State of Oregon and revenues under Federal Public Law 106-393 that replace the former apportionment of proceeds from sale of timber on federal forest lands.

The *Public Safety Fund* was established to account for many of the County's public safety programs. It includes the sheriff, communications, parole and probation and drug enforcement activities. Revenues consist of property taxes, grants from federal and state agencies, shared revenues, fees and fines, and operating transfers from the General Fund.

The *Health and Social Services Fund* was established to account for the County's health programs, including general health care, family planning and various other related services. Revenues consist primarily of grants from federal and state agencies and operating transfers from the General Fund.

The County reports the following major enterprise fund:

The *Salmon Harbor Fund* is used to account for operations at the Salmon Harbor Marina. Current operations include dry camping, boat launching and moorage, marine fueling, sewage waste dumping and an R.V. park with resort amenities.

Additionally, the County reports the following fund types:

Internal service funds are used to account for general liability, auto liability, workers' compensation and the County's motor pool activities that are charged to other departments on a cost-reimbursement basis.

Agency Fund - The County has one *Agency Fund* that is used to account for the County's collection and turnover of property taxes to all other taxing districts within the County and for miscellaneous clearing accounts held by the Treasurer.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services, fees and interest are susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the County receives cash.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The only exception is where the elimination would distort the direct costs and program revenues reported by the various functions concerned.

Amounts reported as program revenues include: charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Salmon Harbor Fund, Glide-Idleld Sewer Fund and the

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

County's internal service funds are charges to customers for sales and services. The sewer fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

□ *Deposits and Investments*

The County maintains a cash and investment pool that is available for use by all funds. The County reports all short-term, highly liquid money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of three months or less at amortized cost. Investments with a remaining maturity at time of purchase of more than three months are valued at fair value.

For purposes of the statement of cash flows, cash and cash equivalents include all assets in the cash and investment management pool. The cash and investment management pool has the general characteristic of a demand deposit account for the proprietary funds in that these funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

□ *Receivables and Payables*

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Accounts receivable represent uncollected rents, fees and other charges. County management believes that the amount of any uncollectible accounts included in receivables is immaterial. Therefore, no provision for uncollectible accounts has been made.

Assessments and mortgage notes receivable represent uncollected amounts assessed against benefited property owners for the cost of local improvements. An allowance for uncollectible amounts is not deemed necessary because substantially all amounts, including delinquent assessments, should be recoverable through liens. Substantially all

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

assessments are collectible in installments, including interest ranging from 6% to 7.125% over a period of seven to seventeen years. The County does not consider assessment receivables to meet the "available" criteria for revenue accrual, as installments are received more than 60 days after year-end.

Property taxes receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary.

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one and one-third percent per month (16% annually). Property foreclosure proceedings are initiated four years after the tax due date.

□ *Inventories and Deposits and Prepays*

Inventories of road repair materials and supplies in the governmental fund of Public Works is valued at average cost and is shown in the balance sheet as an asset and a reservation of fund balance. Inventories of office supplies in the General Fund (also a governmental fund) are valued at cost, using the first-in, first-out (FIFO) method, and are recorded as expenditures when consumed rather than when purchased. Inventories of materials and supplies in the proprietary fund of Fleet Management are valued at average cost and are recorded as expenses when consumed.

Deposits represent amounts held by others as agents of the County that remains the property of the County and will be returned to the County. Prepays represent regularly recurring payments made to vendors for services that reflect costs applicable to future accounting periods. Deposits and prepays are recorded as expenditures when consumed rather than when purchased.

□ *Capital Assets*

Capital assets are stated at either cost, estimated historical cost or fair market value on the date donated for donated assets. The capitalization threshold for general capital assets is \$5,000 for assets reported in the government-wide financial statements and in the proprietary funds. Individual or aggregate assets with a cost of less than \$5,000 are not capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon disposal of capital assets, the historical cost, estimated historical cost or fair market value of donated assets is removed from County asset records, and proceeds from any sales are generally recorded as revenue in the governmental fund financial statements or as a gain or loss on disposal of assets in proprietary fund and government-wide financial statements.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs of tax exempt debt, less interest earned on investments acquired with these proceeds, incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. No interest was capitalized in fiscal year 2004-05.

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Sewer system	30 years
Equipment and vehicles	3-20 years
Buildings and improvements	7-50 years
Dams	75 years
Roads and bridges	30-50 years

□ *Compensated Absences*

County employees accumulate earned but unused vacation, compensatory and sick leave benefits in accordance with applicable policy and bargaining agreements. Vacation leave and compensatory time is recorded in government-wide and proprietary financial statements as earned by employees. A liability and expenditure for these amounts is reported in governmental funds only if matured, for example, as a result of employee resignations and retirements. Sick pay, which does not vest, is recorded when leave is taken.

□ *Long-term Obligations*

All County long-term obligations are included in the government-wide financial statements. Long-term obligations directly related to and expected to be paid from proprietary funds is also included in those funds.

□ *Restricted Net Assets*

Restricted net assets reported in the statement of net assets represent amounts for which constraints were imposed by creditors, grantors, contributors or laws and regulations.

□ *Reserved Fund Balances*

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

□ *Comparative Data*

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

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

Except for certain fiduciary funds, state law requires the County to budget all funds. State law further requires that total resources in each fund equal total expenditures and requirements for that fund. All annual appropriations lapse at fiscal year end.

On or before January 1 of each year, the Board of Commissioners appoints a Budget Officer. During the month of March each year, all departments of the County submit requests for appropriations to the Budget Officer so that a budget can be prepared. By May 15, the proposed budget is presented to the County Budget Committee for approval. The County Board of Commissioners holds public hearings and a final budget is adopted no later than June 30.

The County prepares its annual budget on a detailed line item basis for management purposes, and adopts and appropriates the budget for legal control by organizational unit or by expenditure type (personal services, materials and services, capital outlay, other and transfers) where organizational units are not applicable. The level of control for General, Public Works, Public Safety, Dog Control, Health and Social Services, County Forest Management and Water Development funds is by organizational unit. All other funds are controlled by expenditure type. Under State law, the appropriation levels become the legal spending control levels for County operations. Budgets can be modified during the fiscal year through different means. Management may make line item changes at any time within appropriation categories without formal action. Transfers of appropriations between organizational units, expenditure types or funds require the approval of the Board of Commissioners.

State law requires a supplemental budget to increase appropriations when unexpected additional resources become available. The Board approved two supplemental budgets during the year that provided spending authority for additional resources not anticipated at the time the original budget was adopted.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded to restrict a portion of the appropriation, is employed for administrative control purposes in all funds except for Fiduciary Funds. Encumbrances at year-end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Note 4B identifies encumbrances outstanding at June 30, 2005.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2005, actual expenditures (on a budgetary basis) exceeded appropriations for materials and services in the County Fair Board Fund by \$19,214. Oregon Local Budget Law allows the governing body to increase appropriations during the year. However, no formal action was taken on the above overexpenditures. Additional revenues funded the overexpenditures.

DOUGLAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS, continued
 June 30, 2005

Note 3 - Detailed Notes on all Funds

A. Cash and Investments

The County's cash and investments are comprised of the following at June 30, 2005:

Cash on hand	\$88,983
Deposits with financial institutions	6,393,365
Investments	<u>163,298,780</u>
Total cash and investments	169,781,128
Less cash and investments in agency fund	<u>(1,958,180)</u>
Cash and investments, as reported	
Statement of Net Assets	<u>\$167,822,948</u>

Deposits

Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the banks' records at June 30, 2005 is \$8,606,392. Of these deposits, \$338,864 was covered by federal depository insurance, and \$8,267,528 was collateralized to the extent required by state law. Oregon laws require municipal corporations to obtain certificates of participation issued by a pool manager for amounts on deposit in excess of federal depository insurance, and the County held \$38,100,000 in certificates at June 30, 2005. Oregon Revised Statutes require the depository institution to maintain on deposit with a custodian bank collateral pool securities having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager. Deposits in excess of federal depository insurance, even to the extent collateralized by certificates of participation, are considered uncollateralized by GASB Statement No. 40.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy for deposits custodial credit risk is to follow state law. As of June 30, 2005, \$8,267,528 of the County's bank balances of \$8,606,392 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$6,200,646
Uninsured and collateral held by pledging bank's collateral custodian but not in the County's name	<u>2,066,882</u>
Total	<u>\$8,267,528</u>

Investments

State statutes authorize the County to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper, and the Oregon Local Government Investment Pool, among others. The County has no investment policy that would further limit its investment choices.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

At June 30, 2005, the County's investments consisted of:

	Fair Value	Percent
Investment in Oregon Local Government		
Investment Pool	\$5,985,697	3.7%
U.S. Government Agency Securities	153,918,303	94.2%
Corporate Bonds	2,929,260	1.8%
Tennessee Valley Authority	465,520	0.3%
Total investments	\$163,298,780	100.0%

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2005 were: 82% mature within 93 days, 12% mature from 94 days to one year, and 6% mature from one to three years.

As of June 30, 2005, maturities for the County's other investments are as follows:

	Less than One Year	One to Two Years	Two to Five Years
U.S. Government Agency Securities:			
Federal Farm Credit Bank		\$2,954,063	\$3,861,169
Federal Home Loan Bank	\$8,870,625	981,875	11,902,812
Federal Home Loan Mortgage Corporation	25,195,022	47,281,582	2,998,452
Federal national Mortgage Association	14,746,875	29,187,703	5,938,125
Corporate Debt	2,929,260		
Tennessee Valley Authority		465,520	
Total	\$51,741,782	\$80,870,743	\$24,700,558

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The County's U.S. Government Agency securities investments and Tennessee Valley Authority investment are rated AAA by Standard and Poor's and/or Aaa by Moody's. The County's corporate debt investment is rated A+ by Standard and Poor's and Aa3 by Moody's.

DOUGLAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS, continued
 June 30, 2005

B. Receivables

Receivables as of year-end are as follows:

Primary Government

	Property Taxes	Assess- ments and Mortgage Notes	Accounts	Notes & Contracts	Interest	Total
Governmental activities:						
General Fund		\$5,145	\$725,027		\$1,034,910	\$1,765,082
Public Works Fund		102,368	491,471			593,839
Public Safety Fund	\$551,808		1,334,272			1,886,080
Health & Social Services Fund			847,473			847,473
Nonmajor governmental funds			216,380	\$1,775,030	1,731	1,993,141
	551,808	107,513	3,614,623	1,775,030	1,036,641	7,085,615
Internal service funds			36,827			36,827
	551,808	107,513	3,651,450	1,775,030	1,036,641	7,122,442
Business-type activities:						
Salmon Harbor Fund			40,608			40,608
Fiduciary Fund - Agency	5,352,239					5,352,239
	<u>\$5,904,047</u>	<u>\$107,513</u>	<u>\$3,692,058</u>	<u>\$1,775,030</u>	<u>\$1,036,641</u>	<u>\$12,515,289</u>

There is no material receivable balance expected to be uncollectible. Therefore, no provision for uncollectible accounts has been made.

Discretely Presented Component Unit

The Hospital Facility Authority of Douglas County has Contracts receivable that represent an amount loaned by the Authority for construction and operation of health care facilities and refinancing of previously issued Authority debt to Catholic Health Initiatives. Contracts receivable also includes an amount loaned to the Aspen Foundation for the purchase of a senior residence. Receipts from the repayment of loaned funds are pledged for revenue bond debt service. Annual installments and maturities correspond to Authority revenue bonds at Note 2F.

The amounts outstanding at June 30, 2005 are as follows:

Aspen Foundation:	
Related to 1997 Series A and B	
Bonds	<u>\$1,760,000</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

C. Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$12,021,314	\$75,901		\$12,097,215
Construction in progress	12,437,293	7,528,994	\$2,730,236	17,236,051
Total capital assets not being depreciated	<u>24,458,607</u>	<u>7,604,895</u>	<u>2,730,236</u>	<u>29,333,266</u>
Capital assets being depreciated:				
Buildings and improvements	37,832,715	311,054	9,215	38,134,554
Furniture and equipment	6,164,439	152,089	201,768	6,114,760
Vehicles and heavy equipment	21,272,494	899,915	574,264	21,598,145
Dam structures and improvements	28,221,320			28,221,320
Infrastructure	<u>299,802,084</u>	<u>4,235,747</u>	<u>51,406</u>	<u>303,986,425</u>
Total capital assets being depreciated	<u>393,293,052</u>	<u>5,598,805</u>	<u>836,653</u>	<u>398,055,204</u>
Less accumulated depreciation for:				
Buildings and improvements	12,513,050	569,953	5,382	13,077,621
Furniture and equipment	4,920,201	287,850	201,768	5,006,283
Vehicles and heavy equipment	12,660,730	1,209,287	468,629	13,401,388
Dam structures and improvements	5,456,121	376,284		5,832,405
Infrastructure	<u>181,344,165</u>	<u>7,354,448</u>	<u>44,722</u>	<u>188,653,891</u>
Total accumulated depreciation	<u>216,894,267</u>	<u>9,797,822</u>	<u>720,501</u>	<u>225,971,588</u>
Total capital assets being depreciated, net	<u>176,398,785</u>	<u>(4,199,017)</u>	<u>116,152</u>	<u>172,083,616</u>
Governmental activities capital assets, net	<u>\$200,857,392</u>	<u>\$3,405,878</u>	<u>\$2,846,388</u>	<u>\$201,416,882</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$921,221			\$921,221
Capital assets being depreciated:				
Buildings	12,259,976	\$534,025		12,794,001
Vehicles and heavy equipment	100,242	6,390		106,632
Total capital assets being depreciated	<u>12,360,218</u>	<u>540,415</u>	<u>-</u>	<u>12,900,633</u>
Less accumulated depreciation for:				
Buildings	7,358,971	365,976		7,724,947
Vehicles and heavy equipment	77,756	6,820		84,576
Total accumulated depreciation	<u>7,436,727</u>	<u>372,796</u>	<u>-</u>	<u>7,809,523</u>
Total capital assets being depreciated, net	<u>4,923,491</u>	<u>167,619</u>	<u>-</u>	<u>5,091,110</u>
Business-type activities capital assets, net	<u>\$5,844,712</u>	<u>\$167,619</u>	<u>\$-</u>	<u>\$6,012,331</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$774,385
Public safety	116,052
Highways and streets	7,762,115
Sanitation	469,731
Health and welfare	93,361
Culture and recreation	202,414
Conservation	379,764
Total depreciation expense - governmental activities	\$9,797,822
Business-type activities:	
Salmon Harbor	\$197,156
Glide/Idleyld Sewer	175,640
Total depreciation expense - business-type activities	\$372,796

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2005 is as follows:

Funds	Due from Other Funds	Due to Other Funds	Interfund Loan Receivable	Interfund Loan Payable	Transfers In	Transfers Out
<u>Governmental Funds:</u>						
General Fund	\$2,180,169	\$1,030,865			\$2,276,147	\$10,409,828
Public Works Fund	22,085	1,187,044				2,831,907
Public Safety Fund	23,027	266,589			3,819,973	
Health & Social Services Fund	71,948	329,182			1,740,636	383,173
Nonmajor governmental funds	735,174	544,742	\$2,361,529		6,402,428	896,276
	3,032,403	3,358,422	2,361,529	-	14,239,184	14,521,184
<u>Proprietary Funds:</u>						
Salmon Harbor Fund	470	135,471		\$2,361,529		
Glide/Idleyld Sewer Fund	9,302	24,952				18,000
Internal service funds	600,317	123,647			300,000	
	610,089	284,070	-	2,361,529	300,000	18,000
	\$3,642,492	\$3,642,492	\$2,361,529	\$2,361,529	\$14,539,184	\$14,539,184

The due to/from other funds balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, and when payments between funds are made.

Interfund Loan Receivables/Payables are the result of loans from the Public Works Fund and the County Forest Management Fund to other funds for capital asset acquisition. The funds are budgeted to be repaid by the end of the 2006 fiscal year.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted revenues

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

E. Deferred Revenue

The County governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, or that have been received but are not yet earned. At June 30, 2005, deferred revenue consisted of the following:

	<u>General</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Health & Social Services</u>	<u>Other Gov't Funds</u>	<u>Total</u>
Unearned:						
Fees and rents	\$ 50,000					\$50,000
Grant revenues				\$9,528		9,528
Payment in lieu of taxes	<u>187,830</u>					<u>187,830</u>
	237,830	-	-	9,528	-	247,358
Unavailable:						
Assessments	5,145	\$102,368				107,513
Land sales contract					\$489,500	489,500
Property taxes receivable			<u>498,351</u>			<u>498,351</u>
Total deferred revenue	<u>\$242,975</u>	<u>\$102,368</u>	<u>\$498,351</u>	<u>\$9,528</u>	<u>\$489,500</u>	<u>\$1,342,722</u>

F. Long-term Liabilities

Primary Government
Notes Payable

The following notes are for infrastructure improvements to accommodate future economic development in Douglas County:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance June 30</u>	
			<u>2004</u>	<u>2005</u>
Oregon Dept. of Economic Development	Jan. 15, 2010	5.00%	\$55,665	\$47,139
Oregon Dept. of Economic Development	April 3, 2009	5.00%	13,896	11,381
Oregon Dept. of Economic Development	July 15, 2009	5.00%	34,378	29,276
Oregon Dept. of Economic Development	Dec. 1, 2010	5.00%	47,874	41,994
Oregon Dept. of Economic Development	Dec. 1, 2013	5.19%	164,700	151,721
City of Sutherlin	Oct. 20, 2011	5.00%	48,041	43,684
City of Reedsport	Dec. 1, 2023	3.0%-4.65%	685,766	667,666
City of Sutherlin	Dec. 1, 2025	4.45%-5.50%	621,000	603,000
Oregon Dept. of Economic Development	Dec. 1, 2025	5.25%-5.625%	-	146,349
			<u>\$1,671,320</u>	<u>\$1,742,210</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

Annual debt service requirements to maturity for notes payable are as follows:

Year end June 30	Governmental Activities	
	Principal	Interest
2006	\$86,615	\$91,037
2007	88,909	86,755
2008	91,321	82,357
2009	96,853	77,837
2010	98,652	73,038
2011-2015	424,017	295,110
2016-2020	411,765	188,813
2021-2025	420,678	73,734
2026	23,400	1,287
	<u>\$1,742,210</u>	<u>\$969,968</u>

Landfill closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its Roseburg and Reedsport landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. During the year, the County updated the cost estimates of the landfill closure and postclosure care costs in accordance with the State of Oregon Department of Environmental Quality requirements. The \$10,532,000 as landfill closure and postclosure care liability at June 30, 2005, represents a portion of the total closure and postclosure cost based on the use of approximately 48 percent of estimated capacity of the Roseburg landfill and 100 percent use of estimated capacity of the Reedsport landfill. This represents an increase of \$2,667,000 from the amount of \$7,865,000, which was recorded as the landfill closure and postclosure liability at June 30, 2004. The estimated remaining life of the Roseburg landfill is approximately 18-20 years. The County will recognize the remaining estimated cost of closure and postclosure care of \$9,568,000 as the remaining estimated capacity of the Roseburg location is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal regulations to provide assurance of its ability to finance closure and postclosure care costs.

Discretely Presented Component Unit

Revenue Bonds

The Hospital Facility Authority of Douglas County, a component unit of Douglas County, issues bonds where income derived from the repayment of loaned funds is pledged to pay debt service. Revenue bonds outstanding at June 30, 2005 are as follows:

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

1997 Series A Semiannual Tender Revenue Bonds, redeemable at the option of the Aspen Foundation beginning September 1, 2007 at a redemption price of 102%, declining to 101% on September 1, 2008 and to 100% on September 1, 2009 and thereafter, at an annual rate of 7.5%, due through fiscal 2028	\$ 1,745,000
1997 Series B Semiannual Tender Revenue Bonds, redeemable at maturity, with interest at 9%, due through fiscal 2006	<u>15,000</u>
	<u>\$ 1,760,000</u>

Revenue bond debt service principal and interest requirements to maturity are as follows:

Year end June 30	Principal	Interest
2006	\$30,000	\$130,988
2007	30,000	128,625
2008	30,000	126,375
2009	35,000	123,937
2010	35,000	121,313
2011-2015	235,000	558,563
2016-2020	330,000	453,000
2021-2025	485,000	302,062
2026-2028	<u>550,000</u>	<u>75,375</u>
	<u>\$1,760,000</u>	<u>\$2,020,238</u>

Changes in General Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Notes payable	\$1,671,320	\$152,319	\$81,429	\$1,742,210	\$86,615
Compensated absences	2,151,105	2,203,697	2,151,105	2,203,697	741,317
Landfill closure and postclosure costs	<u>7,865,000</u>	<u>2,667,000</u>	<u> </u>	<u>10,532,000</u>	<u> </u>
Governmental activities long- term liabilities	<u>\$11,687,425</u>	<u>\$5,023,016</u>	<u>\$2,232,534</u>	<u>\$14,477,907</u>	<u>\$827,932</u>

Notes payable are liabilities of the Industrial Development Fund – a nonmajor governmental fund. Compensated absences are liabilities of the funds in which the related payroll costs accrued. At June 30, 2005, \$59,521 of internal service funds compensated absences is

DOUGLAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS, continued
 June 30, 2005

included in governmental activities. Any payments related to landfill closure and postclosure care costs are recorded in the General Fund.

Note 4 - Other Information

A. Self-insurance and Group Insurance Program

The County is self-insured for workers' compensation and general liability. The County has established the Employee Benefit Trust Fund (an internal service fund) to account for and finance its uninsured risks of loss. Other County funds make payments to the Employee Benefit Trust based on an estimate of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Settled claims resulting from the County's risks have not exceeded insurance coverage in any of the past three fiscal years.

The County estimates losses for general liability using the ratio of loss at each development stage to ultimate loss, based on self-insurance programs of similar public entities and on the County's own history. Per Oregon Revised Statute 30.270 (1)(b)(c), general claims are limited to \$100,000 per person, and an additional \$100,000 per person under special circumstances and \$500,000 aggregate per occurrence. Claims under federal jurisdiction are not subject to such limitations. The claims paid during the year under this program were \$12,813. The estimated unpaid loss liability, which includes an estimate for claims that have been incurred but not reported at June 30, 2005, was \$1,202,000.

The County also partially self-insures for workers' compensation. The first \$750,000 per occurrence is self-retained and the balance of liability coverage is purchased through a private insurance carrier. The County estimates losses based on claim data developed as of June 30, 2005 compiled by the County's claims administrator. The claims paid during the year under this program were \$212,927. Total estimated unpaid loss liability at June 30, 2005; including an estimate for claims that have been incurred but not reported is \$1,200,000.

The County provides a cafeteria-style health insurance program to employees. The County pays for the first \$831 of the benefits selected by the employee per month. Benefits include medical, dental, vision and life insurance. Employees may also choose supplemental life insurance, cancer/ICU, accidental death and dismemberment, short-term disability and deferred compensation.

The following schedule presents changes in the self-insurance program claims liability amount for fiscals 2004 and 2005:

<u>Year</u>	<u>Beginning of Year Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Balance</u>
2004-05	\$2,071,273	\$556,467	\$225,740	\$2,402,000
2003-04	1,420,502	1,012,056	361,285	2,071,273

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

B. Commitments and Contingencies

The County has commitments under various contracts entered into during the normal course of its operations of approximately \$7,040,900 at June 30, 2005. The approximate commitments by fund are as follows:

General Fund	\$624,800
Public Works Fund	3,797,200
Health and Social Services Fund	335,600
Industrial Development Fund	50,200
Capital Projects Fund	1,820,700
All other funds	<u>412,400</u>
	<u>\$7,040,900</u>

Other commitments for encumbrances that lapse at year-end but are re-encumbered in the next fiscal year were not material.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Any amounts received or receivable from grantor agencies are subject to audit by the grantor agencies, and any adjustments may become a liability of the applicable fund. County management believes that adjustments, if any, will not materially affect the County's financial position.

C. Deferred Compensation Plan

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Prior to August 20, 1996 assets in IRC Section 457 plans could not legally be placed in trust, consequently employees' account balances participation in the plan were potentially at risk. To remedy this situation, Congress amended IRC Section 457 as of August 20, 1996 by adding a subsection requiring assets and income of the plan to be placed in trust.

Monies accumulated by the County under its deferred compensation plans have been deposited with various trustees. The amount deferred since the inception of the plans and associated investment earnings totals \$13,062,973 at June 30, 2005.

Provisions of Governmental Accounting Standards Board Statement 32 eliminates the requirement that governmental entities relying upon third parties to manage IRC 457 assets report such assets on their balance sheets.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

D. Pension Plan

Plan Description

The County contributes to the Oregon Public Employees Retirement System (OPERS), an agent multi-employer public employee system that acts as a common investment and administrative agent for public employers in the State of Oregon. The Public Employees Retirement Board (PERB) administers the Plan under Oregon Revised Statutes (ORS) Chapter 238. All County employees are eligible to participate in OPERS after 6 months of employment. Generally, employees who retire at or after age 55 with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.67% of their final average monthly salary (as defined) for each year of credited service. Benefits fully vest after 5 years of service. Vested employees with fewer than 30 years of service will receive reduced benefits if retirement occurs prior to age 58. OPERS also provides death and disability benefits. Benefits are established by state statute.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing OPERS, P.O. Box 73, Portland, Oregon 97207-0073.

Funding Policy

The OPERS funding policy provides for actuarially determined periodic contributions at rates to accumulate sufficient assets to pay benefits when due. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension obligation as described in the preceding section. State statute requires covered employees to contribute 6% of their subject salary to the system, but allows the employer to pay any or all of the employees' contribution in addition to the required employers' contribution. The County currently pays 100% of the required employees' contribution in addition to the employer's required contribution. The County is required to contribute an actuarially determined rate (currently 12.09% for Tier I and Tier II employees) of annual covered payroll. Beginning in January 2004, the County began contributing at a rate of 8.04% for Oregon Public Service Retirement Plan member employees.

Annual Pension Cost

For June 30, 2005, the County's annual pension cost of \$5,588,634 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age cost method. The actuarial assumptions included are: (a) rate of inflation 3.5 %, (b) 8.0% rate of return on investment of present and future assets, (c) projected salary increases of 4.25% per year attributable to general wage adjustments, with additional increases of promotion and longevity that vary by age and service, and (d) 2% per year projected post retirement benefit increases. As of December 31, 2003 the actuarial value of OPERS assets was equivalent to the market value of the assets. The unfunded actuarial liability is amortized as a level percentage of covered payrolls over a twenty-four year open period. For a schedule of funding progress see page 39.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2005

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2003	\$6,197,851	100%	\$0
June 30, 2004	5,713,958	100	0
June 30, 2005	5,588,634	100	0

**REQUIRED
SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress
Oregon Public Employees Retirement System**

Budget and Actual Schedules – Major Governmental Funds

General Fund

Public Works Fund

Public Safety Fund

Health and Social Services Fund

Notes to Budget and Actual Schedules - Major Governmental Funds

DOUGLAS COUNTY, OREGON
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2005

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
1999	\$202,023,374	\$207,180,425	\$5,157,051	98%	\$29,987,205	17%
2001	203,947,748	194,969,751	(8,977,997)	105%	32,871,738	(27%)
2003	197,968,519	234,159,529	36,191,010	85%	31,362,963	115%

DOUGLAS COUNTY, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$2,706,099	\$2,843,599	\$3,041,272	\$197,673
Permits, licenses and fines	566,800	566,800	736,886	170,086
Intergovernmental:				
O & C funds	23,853,180	23,853,180	23,924,028	70,848
All other	4,393,677	4,393,677	4,266,975	(126,702)
Assessments	3,000	3,000	2,923	(77)
Interest	1,171,500	1,171,500	1,349,272	177,772
Other	284,490	284,490	353,591	69,101
Total revenues	<u>32,978,746</u>	<u>33,116,246</u>	<u>33,674,947</u>	<u>558,701</u>
Expenditures:				
Board of Commissioners	497,454	497,454	483,731	13,723
Justice of the Peace:				
Glendale	151,897	151,897	139,632	12,265
Drain	141,669	141,669	136,801	4,868
Reedsport	148,533	148,533	141,783	6,750
Canyonville	185,784	185,784	177,324	8,460
Juvenile Department	2,531,713	2,531,713	2,367,881	163,832
County Clerk	930,700	930,700	831,805	98,895
Tax Assessment and Collection	2,180,020	2,180,020	1,829,175	350,845
Surveyor	723,687	723,687	640,863	82,824
Planning	1,333,993	1,363,993	1,293,644	70,349
County Counsel	320,011	320,011	308,590	11,421
Financial Services	1,002,957	1,002,957	934,239	68,718
Human Resources	437,642	447,642	435,788	11,854
Information Technology	1,061,507	1,061,507	1,045,214	16,293
Building Facilities	1,997,601	1,997,601	1,896,703	100,898
Nondepartmental	1,897,885	1,897,885	1,793,331	104,554
Commission on Children and Families	944,980	944,980	941,931	3,049
Building Department	710,556	818,056	776,505	41,551
District Attorney	1,667,260	1,667,260	1,568,456	98,804
Solid Waste Operations	3,340,301	3,340,301	2,480,850	859,451
Veterans Services	127,036	140,036	126,571	13,465
Museum	393,358	393,358	341,916	51,442
Parks	1,836,806	1,836,806	1,813,135	23,671
Library	2,516,618	2,516,618	2,378,115	138,503
Contingency account	1,000,000	908,500		908,500
Total expenditures	<u>28,079,968</u>	<u>28,148,968</u>	<u>24,883,983</u>	<u>3,264,985</u>
Excess of revenues over expenditures	<u>4,898,778</u>	<u>4,967,278</u>	<u>8,790,964</u>	<u>3,823,686</u>
Other financing sources (uses):				
Transfers in	2,276,568	2,276,568	2,276,147	(421)
Transfers out	(8,541,328)	(10,409,828)	(10,409,828)	
Note receivable collections	10,000	10,000	9,250	(750)
Total other financing sources (uses)	<u>(6,254,760)</u>	<u>(8,123,260)</u>	<u>(8,124,431)</u>	<u>(1,171)</u>
Net change in fund balance	(1,355,982)	(3,155,982)	666,533	3,822,515
Fund balance, beginning	<u>39,100,000</u>	<u>40,900,000</u>	<u>43,303,469</u>	<u>2,403,469</u>
Fund balance, ending	<u>\$37,744,018</u>	<u>\$37,744,018</u>	<u>\$43,970,002</u>	<u>\$6,225,984</u>

Actual Expenditures by Function					
General Government	Public Safety	Sanitation	Health and Welfare	Culture and Recreation	Capital Outlay
\$483,731					
139,632					
136,801					
141,783					
177,324					
2,367,881					
820,352					\$11,453
1,817,103					12,072
603,594					37,269
1,284,852					8,792
307,167					1,423
926,511					7,728
435,788					
1,004,491					40,723
1,657,322			\$103,439		135,942
1,793,331					
	\$941,931				
	717,964				58,541
	1,563,415				5,041
		\$2,362,647			118,203
			125,978		593
				\$340,540	1,376
				1,497,262	315,873
				2,366,845	11,270
<u>\$14,097,663</u>	<u>\$3,223,310</u>	<u>\$2,362,647</u>	<u>\$229,417</u>	<u>\$4,204,647</u>	<u>\$766,299</u>

DOUGLAS COUNTY, OREGON
PUBLIC WORKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)		
	Original	Final			Highways and Streets	Capital Outlay
Revenues:						
Charges for services	\$63,000	\$63,000	\$142,912	\$79,912		
Permits, licenses and fines	68,700	68,700	96,373	27,673		
Intergovernmental:						
Federal forest receipts	13,940,740	13,940,740	13,982,148	41,408		
State motor vehicle fees	5,392,850	5,392,850	5,686,958	294,108		
Other	20,742,000	20,742,000	20,924,328	182,328		
Assessments	130,000	130,000	52,666	(77,334)		
Interest	2,314,000	2,314,000	2,501,663	187,663		
Other	87,600	87,600	130,625	43,025		
Total revenues	42,738,890	42,738,890	43,517,673	778,783		
						Actual Expenditures by Function
Expenditures:						
Administration	364,698	364,698	303,805	60,893	\$302,702	\$1,103
Engineering	12,337,292	12,337,292	8,266,962	4,070,330	2,794,665	5,472,297
Road Operations and Maintenance	12,366,517	12,366,517	11,285,599	1,080,918	10,743,780	541,819
Weighmaster	759,284	759,284	755,206	4,078	750,109	5,097
Contingency account	3,000,000	3,000,000		3,000,000		
Total expenditures	28,827,791	28,827,791	20,611,572	8,216,219	\$14,591,256	\$6,020,316
Excess (deficiency) of revenues over expenditures	13,911,099	13,911,099	22,906,101	8,995,002		
Other financing sources (uses):						
Transfer out	(4,598,512)	(4,598,512)	(2,831,907)	1,766,605		
Notes receivable collections	6,000	6,000	12,502	6,502		
Additions to notes receivables	(150,000)	(150,000)		150,000		
Total other financing sources (uses)	(4,742,512)	(4,742,512)	(2,819,405)	1,923,107		
Net change in fund balance	9,168,587	9,168,587	20,086,696	10,918,109		
Fund balance, beginning	72,000,000	72,000,000	75,573,188	3,573,188		
Fund balance, ending	\$81,168,587	\$81,168,587	\$95,659,884	\$14,491,297		

DOUGLAS COUNTY, OREGON
PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Actual Expenditures by Function</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Public Safety</u>	<u>Capital Outlay</u>
Revenues:						
Charges for services	\$1,716,594	\$1,716,594	\$1,577,514	(\$139,080)		
Permits, licenses and fines	256,500	256,500	188,130	(68,370)		
Intergovernmental	4,423,085	5,275,624	4,051,316	(1,224,308)		
Property taxes	5,980,000	5,980,000	6,204,100	224,100		
Interest	53,300	53,300	39,960	(13,340)		
Other	112,907	117,907	166,019	48,112		
Total revenues	12,542,386	13,399,925	12,227,039	(1,172,886)		
Expenditures:						
Sheriff Enforcement	7,691,914	8,376,153	8,145,354	230,799	\$7,566,078	\$579,276
Sheriff Corrections	4,586,214	4,738,014	4,625,138	112,876	4,597,458	27,680
Parole and Probation	2,944,536	2,944,536	1,714,614	1,229,922	1,699,209	15,405
Douglas Interagency Narcotics Team	525,985	547,485	514,567	32,918	507,598	6,969
Communications and Electronics	1,475,112	1,475,112	1,388,460	86,652	1,352,627	35,833
Total expenditures	17,223,761	18,081,300	16,388,133	1,693,167	\$15,722,970	\$665,163
Excess (deficiency) of revenues over expenditures	(4,681,375)	(4,681,375)	(4,161,094)	520,281		
Other financing sources:						
Transfers in	3,819,973	3,819,973	3,819,973			
Net change in fund balance	(861,402)	(861,402)	(341,121)	520,281		
Fund balance, beginning	1,113,500	1,113,500	1,740,597	627,097		
Fund balance, ending	\$252,098	\$252,098	\$1,399,476	\$1,147,378		

DOUGLAS COUNTY, OREGON
HEALTH AND SOCIAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual Expenditures by Function	
	Original	Final			Health and Welfare	Capital Outlay
Revenues:						
Charges for services	\$743,536	\$743,536	\$705,863	(\$37,673)		
Permits, licenses and fines	182,003	182,003	185,194	3,191		
Intergovernmental	17,049,722	17,159,761	17,141,449	(18,312)		
Interest	48,900	48,900	111,438	62,538		
Other	177,495	177,495	177,512	17		
Total revenues	18,201,656	18,311,695	18,321,456	9,761		
Expenditures:						
Administration	1,740,052	1,850,091	1,598,103	251,988	\$1,529,214	\$68,889
Senior and Disabilities Services	8,942,741	8,942,741	8,768,700	174,041	8,768,700	
Community Health	3,944,628	3,944,628	3,695,743	248,885	3,695,743	
Mental Health	5,939,203	5,939,203	5,141,116	798,087	5,141,116	
Environmental Health	401,200	401,200	396,808	4,392	396,808	
Total expenditures	20,967,824	21,077,863	19,600,470	1,477,393	\$19,531,581	\$68,889
Excess (deficiency) of revenues over expenditures	(2,766,168)	(2,766,168)	(1,279,014)	1,487,154		
Other financing sources (uses):						
Transfers in	1,740,636	1,740,636	1,740,636			
Transfers out	(383,173)	(383,173)	(383,173)			
Total other financing sources (uses)	1,357,463	1,357,463	1,357,463	-		
Net change in fund balance	(1,408,705)	(1,408,705)	78,449	1,487,154		
Fund balance, beginning	3,492,723	3,492,723	4,137,255	644,532		
Fund balance, ending	\$2,084,018	\$2,084,018	\$4,215,704	\$2,131,686		

DOUGLAS COUNTY, OREGON
NOTES TO BUDGET AND ACTUAL SCHEDULES
MAJOR GOVERNMENTAL FUNDS
June 30, 2005

The County accounts for certain transactions on the budgetary basis, which differs with generally accepted accounting principles (GAAP). The following is a reconciliation of the differences between the net change in fund balances on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds on the GAAP basis and the net change in fund balances on the budgetary basis:

	General Fund	Public Works Fund
Net change in fund balances - budgetary basis	\$666,533	\$20,086,696
The change in fair value of investments is not recorded on a budgetary basis since investments are held to maturity	(45,894)	(68,840)
Collections on loans to others are treated as a decrease in receivables on a GAAP basis and as other financing sources on the budgetary basis		(12,502)
Net change in fund balances - GAAP basis	\$620,639	\$20,005,354

A reconciliation of the June 30, 2005 fund balances on the budgetary basis to ending fund balances on the GAAP basis is as follows:

	General Fund	Public Works Fund
Fund balances, budgetary basis, June 30, 2005	\$43,970,002	\$95,659,884
Refundable deposit treated as expenditure on budgetary basis	759,461	
Inventories treated as expenditures on budgetary basis		1,805,988
Investments adjusted to fair value	(721,111)	(1,081,666)
Fund balances, GAAP basis, June 30, 2005	\$44,008,352	\$96,384,206

COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES

Nonmajor Governmental Funds

Dog Control Fund

Expenditures in this fund are restricted to those set forth in ORS 609.010 through 609.190. Revenues for the operation of this fund are primarily derived from the sale of dog licenses and transfers from the General Fund.

Law Library Fund

This fund accounts for fees and expenditures related to law libraries as provided in ORS 21.350.

Liquor Law Enforcement Fund

This fund accounts for specific fines from circuit and district courts that are to be expended as provided by ORS 471.670.

County Forest Management Fund

This fund was established for the purpose of restricting monies received from the sale of timber from County-owned lands to be used for reforestation and management of County-owned forestlands.

County Fair Board Fund

This fund records all transactions relating to the operation of the county fair. The major revenue sources are admissions, rentals and concessions.

Industrial Development Fund

This fund was established to account for the revenue and expenditures related to efforts made by the County to attract new industry to the County. Primary source of revenue is from interest and principal collected from loans, transfers from General Fund, and the sale of industrially developed lands.

Salmon Habitat Improvement Fund

This fund accounts for revenues dedicated to the preservation of the salmon population in the North Umpqua River. The major source of revenue is from the Winchester Dam Hydropower Project.

County Schools Fund

This fund was established under ORS 328.005 to account for forest reserve yield revenue from the State of Oregon that is apportioned to the County school districts.

Water Development Fund

This fund accounts for the development of water resources and operations of existing and future water improvement projects.

Drug Abuse Prevention Fund

This fund accounts for funds dedicated by County resolution and state statute for education related to drug control substances.

Title III Fund

This fund accounts for funds received from the *Secure Rural Schools and Community Self-Determination Act of 2000*. Expenditures are limited to search, rescue, and emergency services on federal lands; community service work camps where service is provided on federal lands; easement purchases meeting specified criteria; forest related educational opportunities established and conducted as after school programs; and fire prevention and county planning to reduce or mitigate the impact of wildfires.

Capital Projects Fund

This fund was established to account for the acquisition of major capital assets and the construction of County projects.

DOUGLAS COUNTY, OREGON
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2005

	Special Revenue Funds				
	Dog Control	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board
ASSETS					
Cash and investments	\$33,166	\$46,993	\$20,328	\$4,752,259	\$94,392
Receivables	25	10,009	995	577,994	240
Due from other funds	15		1,011	1,546	1,900
Deposits and prepaid items	34,000	245			14,542
Interfund loan receivable				2,361,529	
Total assets	\$67,206	\$57,247	\$22,334	\$7,693,328	\$111,074
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$779
Accrued payroll, withholdings and benefits	\$6,699			\$13,857	28,334
Due to other funds	6,774	\$6,667	\$21,323	4,673	30,704
Deferred revenues					
Total liabilities	13,473	6,667	21,323	18,530	59,817
Fund Balances:					
Reserved for:					
Interfund loans receivable				2,361,529	
Notes receivable				577,477	
Deposits and prepaid items	34,000	245			14,542
Unreserved, reported in:					
Special Revenue Funds	19,733	50,335	1,011	4,735,792	36,715
Capital Project Funds					
Total fund balances	53,733	50,580	1,011	7,674,798	51,257
Total liabilities and fund balances	\$67,206	\$57,247	\$22,334	\$7,693,328	\$111,074

Special Revenue Funds							Total
Industrial Development	Salmon Habitat Improvement	County Schools	Water Development	Drug Abuse Prevention	Title III	Capital Projects Fund	Nonmajor Governmental Funds
\$2,380,458	\$8,342	\$16,877	\$1,575,754	\$1,608,351	\$1,386,076	\$5,040,829	\$16,963,825
1,302,756			58,589	39,594		2,939	1,993,141
						730,702	735,174
						10,800	59,587
							2,361,529
<u>\$3,683,214</u>	<u>\$8,342</u>	<u>\$16,877</u>	<u>\$1,634,343</u>	<u>\$1,647,945</u>	<u>\$1,386,076</u>	<u>\$5,785,270</u>	<u>\$22,113,256</u>
\$60,000				\$74,131		\$226,322	\$361,232
			\$10,558			985	60,433
8,530			6,766	13,145	\$1,036	445,124	544,742
489,500							489,500
<u>558,030</u>	<u>-</u>	<u>-</u>	<u>17,324</u>	<u>87,276</u>	<u>1,036</u>	<u>672,431</u>	<u>1,455,907</u>
							2,361,529
							1,285,530
708,053						10,800	59,587
2,417,131	\$8,342	\$16,877	1,617,019	1,560,669	1,385,040		11,848,664
						5,102,039	5,102,039
<u>3,125,184</u>	<u>8,342</u>	<u>16,877</u>	<u>1,617,019</u>	<u>1,560,669</u>	<u>1,385,040</u>	<u>5,112,839</u>	<u>20,657,349</u>
<u>\$3,683,214</u>	<u>\$8,342</u>	<u>\$16,877</u>	<u>\$1,634,343</u>	<u>\$1,647,945</u>	<u>\$1,386,076</u>	<u>\$5,785,270</u>	<u>\$22,113,256</u>

DOUGLAS COUNTY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2005

	Special Revenue Funds				
	Dog Control	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board
Revenues:					
Charges for services	\$6,091	\$1,462			\$1,084,902
Permits, licenses and fines	105,697	110,630	\$40,773		
Intergovernmental					35,141
Interest	798	1,064	227	\$131,603	1,042
Other	1,071			1,137,588	587,998
Total revenues	113,657	113,156	41,000	1,269,191	1,709,083
Expenditures:					
Current:					
General Government	494,099	68,524		832,832	
Health and Welfare					
Culture and Recreation					1,778,522
Conservation					
Education					
Capital outlay				75,901	
Debt service:					
Principal					
Interest					
Total expenditures	494,099	68,524	-	908,733	1,778,522
Excess (deficiency) of revenues over expenditures	<u>(380,442)</u>	<u>44,632</u>	<u>41,000</u>	<u>360,458</u>	<u>(69,439)</u>
Other financing sources (uses):					
Transfers in	363,780			60,000	100,000
Transfers out		(33,000)	(43,179)	(109,774)	
Total other financing sources (uses)	363,780	(33,000)	(43,179)	(49,774)	100,000
Net change in fund balances	(16,662)	11,632	(2,179)	310,684	30,561
Fund balances, beginning	70,395	38,948	3,190	7,364,114	20,696
Fund balances, ending	<u>\$53,733</u>	<u>\$50,580</u>	<u>\$1,011</u>	<u>\$7,674,798</u>	<u>\$51,257</u>

Special Revenue Funds							Total
Industrial Development	Salmon Habitat Improvement	County Schools	Water Development	Drug Abuse Prevention	Title III	Capital Projects Fund	Nonmajor Governmental Funds
			\$545,600				\$1,638,055
\$493,931		\$4,756,491	56,850	\$75,238			332,338
92,331	\$401	13,773	42,040	245,073	\$7,517,429	\$1,069,044	14,173,959
83,534		405	21,034	43,589	44,970	108,941	480,779
<u>669,796</u>	<u>401</u>	<u>4,770,669</u>	<u>665,524</u>	<u>363,900</u>	<u>7,562,399</u>	<u>1,177,985</u>	<u>18,456,761</u>
812,324	49,700				6,988,552		9,246,031
				331,525			331,525
			708,265				1,778,522
		4,913,530					708,265
53,622			1,646			6,269,709	4,913,530
81,429							6,400,878
95,191							81,429
<u>1,042,566</u>	<u>49,700</u>	<u>4,913,530</u>	<u>709,911</u>	<u>331,525</u>	<u>6,988,552</u>	<u>6,269,709</u>	<u>23,555,371</u>
<u>(372,770)</u>	<u>(49,299)</u>	<u>(142,861)</u>	<u>(44,387)</u>	<u>32,375</u>	<u>573,847</u>	<u>(5,091,724)</u>	<u>(5,098,610)</u>
		150,000				5,728,648	6,402,428
			(53,000)	(54,809)	(602,514)		(896,276)
-	-	150,000	(53,000)	(54,809)	(602,514)	5,728,648	5,506,152
(372,770)	(49,299)	7,139	(97,387)	(22,434)	(28,667)	636,924	407,542
<u>3,497,954</u>	<u>57,641</u>	<u>9,738</u>	<u>1,714,406</u>	<u>1,583,103</u>	<u>1,413,707</u>	<u>4,475,915</u>	<u>20,249,807</u>
<u>\$3,125,184</u>	<u>\$8,342</u>	<u>\$16,877</u>	<u>\$1,617,019</u>	<u>\$1,560,669</u>	<u>\$1,385,040</u>	<u>\$5,112,839</u>	<u>\$20,657,349</u>

DOUGLAS COUNTY, OREGON
DOG CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Charges for services	\$5,000	\$5,000	\$6,091	\$1,091
Permits, licenses and fines	129,000	129,000	105,697	(23,303)
Interest	1,000	1,000	798	(202)
Other	400	400	1,071	671
Total revenues	<u>135,400</u>	<u>135,400</u>	<u>113,657</u>	<u>(21,743)</u>
Expenditures:				
General Government:				
Dog Control Operations	304,680	365,680	335,706	29,974
Predatory Animal Control	152,000	159,500	158,083	1,417
Animal Shelter	34,000	34,000	310	33,690
Total expenditures	<u>490,680</u>	<u>559,180</u>	<u>494,099</u>	<u>65,081</u>
Excess (deficiency) of revenues over expenditures	<u>(355,280)</u>	<u>(423,780)</u>	<u>(380,442)</u>	<u>43,338</u>
Other financing sources:				
Transfers in	295,280	363,780	363,780	
Net change in fund balance	<u>(60,000)</u>	<u>(60,000)</u>	<u>(16,662)</u>	<u>43,338</u>
Fund balance, beginning	60,000	60,000	70,395	10,395
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$53,733</u>	<u>\$53,733</u>

DOUGLAS COUNTY, OREGON
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$1,725	\$1,725	\$1,462	(\$263)
Permits, licenses and fines	92,000	92,000	110,630	18,630
Interest	1,000	1,000	1,064	64
	<u>94,725</u>	<u>94,725</u>	<u>113,156</u>	<u>18,431</u>
Total revenues				
Expenditures:				
General Government:				
Materials and services	59,526	69,526	68,524	1,002
Contingency account	15,000	5,000		5,000
	<u>74,526</u>	<u>74,526</u>	<u>68,524</u>	<u>6,002</u>
Total expenditures				
Excess of revenues over expenditures	20,199	20,199	44,632	24,433
Other financing sources (uses):				
Transfers out	(33,000)	(33,000)	(33,000)	
	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	
Net change in fund balance	(12,801)	(12,801)	11,632	24,433
Fund balance, beginning	34,000	34,000	38,948	4,948
Fund balance, ending	<u>\$21,199</u>	<u>\$21,199</u>	<u>\$50,580</u>	<u>\$29,381</u>

DOUGLAS COUNTY, OREGON
LIQUOR LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Permits, licenses and fines	\$43,000	\$43,000	\$40,773	(\$2,227)
Interest	600	600	227	(373)
Total revenues	<u>43,600</u>	<u>43,600</u>	<u>41,000</u>	<u>(2,600)</u>
Other financing sources (uses):				
Transfers out	<u>(43,600)</u>	<u>(43,600)</u>	<u>(43,179)</u>	<u>421</u>
Net change in fund balance			(2,179)	(2,179)
Fund balance, beginning			<u>3,190</u>	<u>3,190</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,011</u>	<u>\$1,011</u>

DOUGLAS COUNTY, OREGON
COUNTY FOREST MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Actual Expenditures by function	
	Original	Final	Actual		General Government	Capital Outlay
Revenues:						
Charges for services	\$300	\$300		(\$300)		
Interest	123,900	123,900	\$131,603	7,703		
Other:						
County timber sales	558,600	558,600	1,126,582	567,982		
Other miscellaneous	14,500	14,500	11,006	(3,494)		
Total revenues	697,300	697,300	1,269,191	571,891		
Expenditures:						
Land	1,315,929	1,315,929	705,092	610,837	\$629,191	\$75,901
County Forest Management	205,411	205,411	131,912	73,499	131,912	
Woodlands Management	72,782	72,782	71,729	1,053	71,729	
Contingency account	10,000	10,000		10,000		
Total expenditures	1,604,122	1,604,122	908,733	695,389	\$832,832	\$75,901
Excess (deficiency) of revenues over expenditures	(906,822)	(906,822)	360,458	1,267,280		
Other financing sources (uses):						
Transfers in	60,000	60,000	60,000			
Transfers out	(109,774)	(109,774)	(109,774)			
Notes receivable collections	5,100	5,100	14,458	9,358		
Repayment of interfund loan	2,361,529	2,361,529	2,361,529			
Interfund loan	(2,361,529)	(2,361,529)	(2,361,529)			
Additions to notes receivable	(590,000)	(590,000)	(158,847)	431,153		
Total other financing sources (uses)	(634,674)	(634,674)	(194,163)	440,511		
Net change in fund balance	(1,541,496)	(1,541,496)	166,295	1,707,791		
Fund balance, beginning	4,000,000	4,000,000	4,569,497	569,497		
Fund balance, ending	\$2,458,504	\$2,458,504	\$4,735,792	\$2,277,288		
Total from above:						
Net change in fund balance			\$166,295			
Notes receivable collections			(14,458)			
Repayment of interfund loan			(2,361,529)			
Interfund loan			2,361,529			
Additions to notes receivable			158,847			
Net change in fund balance in Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			\$310,684			

DOUGLAS COUNTY, OREGON
COUNTY FAIR BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$1,064,660	\$1,064,660	\$1,084,902	\$20,242
Intergovernmental	35,140	35,140	35,141	1
Interest	3,220	3,220	1,042	(2,178)
Other	503,046	503,046	587,998	84,952
Total revenues	1,606,066	1,606,066	1,709,083	103,017
Expenditures:				
Culture and Recreation:				
Personal services	829,642	840,642	815,606	25,036
Materials and services	954,702	943,702	962,916	(19,214)
Total expenditures	1,784,344	1,784,344	1,778,522	5,822
Excess (deficiency) of revenues over expenditures	(178,278)	(178,278)	(69,439)	108,839
Other financing sources:				
Transfers in	100,000	100,000	100,000	
Net change in fund balance	(78,278)	(78,278)	30,561	108,839
Fund balance, beginning	78,278	78,278	20,696	(57,582)
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$51,257</u>	<u>\$51,257</u>

DOUGLAS COUNTY, OREGON
INDUSTRIAL DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Revenues:				
Intergovernmental	\$300,000	\$300,000	\$493,931	\$193,931
Interest	45,100	45,100	92,331	47,231
Other	39,000	39,000	83,534	44,534
 Total revenues	 <u>384,100</u>	 <u>384,100</u>	 <u>669,796</u>	 <u>285,696</u>
 Expenditures:				
General Government:				
Materials and services	1,126,500	1,116,500	638,964	477,536
Capital outlay	60,000	60,000	53,622	6,378
Debt service:				
Principal	77,000	82,000	81,429	571
Interest	91,000	96,000	95,191	809
 Total expenditures	 <u>1,354,500</u>	 <u>1,354,500</u>	 <u>869,206</u>	 <u>485,294</u>
 Excess (deficiency) of revenues over expenditures	 <u>(970,400)</u>	 <u>(970,400)</u>	 <u>(199,410)</u>	 <u>770,990</u>
 Other financing sources (uses):				
Notes receivable collections	62,400	62,400	49,544	(12,856)
Additions to notes receivable	(1,000,000)	(1,000,000)		1,000,000
 Total other financing sources (uses)	 <u>(937,600)</u>	 <u>(937,600)</u>	 <u>49,544</u>	 <u>987,144</u>
 Net change in fund balance	 <u>(1,908,000)</u>	 <u>(1,908,000)</u>	 <u>(149,866)</u>	 <u>1,758,134</u>
 Fund balance, beginning	 <u>1,908,000</u>	 <u>1,908,000</u>	 <u>2,566,997</u>	 <u>658,997</u>
 Fund balance, ending	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$2,417,131</u>	 <u>\$2,417,131</u>
 Total from above:				
Net change in fund balance			(\$149,866)	
Note receivable write off			(173,360)	
Notes receivable collections			<u>(49,544)</u>	
 Net change in fund balance as reported in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			 <u>(\$372,770)</u>	

DOUGLAS COUNTY, OREGON
SALMON HABITAT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$50,000	\$50,000		(\$50,000)
Interest	7,000	7,000	\$401	(6,599)
Total revenues	<u>57,000</u>	<u>57,000</u>	<u>401</u>	<u>(56,599)</u>
Expenditures:				
General Government:				
Materials and services	<u>154,000</u>	<u>154,000</u>	<u>49,700</u>	<u>104,300</u>
Net change in fund balance	(97,000)	(97,000)	(49,299)	47,701
Fund balance, beginning	<u>110,000</u>	<u>110,000</u>	<u>57,641</u>	<u>(52,359)</u>
Fund balance, ending	<u><u>\$13,000</u></u>	<u><u>\$13,000</u></u>	<u><u>\$8,342</u></u>	<u><u>(\$4,658)</u></u>

DOUGLAS COUNTY, OREGON
COUNTY SCHOOLS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal forest receipts	\$4,646,913	\$4,646,913	\$4,660,716	\$13,803
Other	232,000	232,000	95,775	(136,225)
Interest	30,000	30,000	13,773	(16,227)
Other	1,000	1,000	405	(595)
Total revenues	<u>4,909,913</u>	<u>4,909,913</u>	<u>4,770,669</u>	<u>(139,244)</u>
Expenditures:				
Education:				
Materials and services	<u>5,059,913</u>	<u>5,059,913</u>	<u>4,913,530</u>	<u>146,383</u>
Excess (deficiency) of revenues over expenditures	(150,000)	(150,000)	(142,861)	7,139
Other financing sources:				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	
Net change in fund balance			7,139	7,139
Fund balance, beginning			<u>9,738</u>	<u>9,738</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,877</u>	<u>\$16,877</u>

DOUGLAS COUNTY, OREGON
WATER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Actual Expenditures by function</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Conservation</u>	<u>Capital Outlay</u>
Revenues:						
Charges for services	\$800,000	\$800,000	\$545,600	(\$254,400)		
Intergovernmental	66,690	66,690	56,850	(9,840)		
Interest	65,000	65,000	42,040	(22,960)		
Other	2,000	2,000	21,034	19,034		
Total revenues	933,690	933,690	665,524	(268,166)		
Expenditures:						
Galesville operations	760,895	835,895	649,031	186,864	\$647,385	\$1,646
Watermaster	62,388	62,388	60,880	1,508	60,880	
Contingency account	100,000	25,000		25,000		
Total expenditures	923,283	923,283	709,911	213,372	\$708,265	\$1,646
Excess (deficiency) of revenues over expenditures	10,407	10,407	(44,387)	(54,794)		
Other financing sources (uses):						
Transfers out	(53,000)	(53,000)	(53,000)			
Net change in fund balance	(42,593)	(42,593)	(97,387)	(54,794)		
Fund balance, beginning	1,300,000	1,300,000	1,714,406	414,406		
Fund balance, ending	\$1,257,407	\$1,257,407	\$1,617,019	\$359,612		

DOUGLAS COUNTY, OREGON
 DRUG ABUSE PREVENTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Permits, licenses and fines	\$90,000	\$90,000	\$75,238	(\$14,762)
Intergovernmental	230,000	230,000	245,073	15,073
Interest	45,000	45,000	43,589	(1,411)
Total revenues	<u>365,000</u>	<u>365,000</u>	<u>363,900</u>	<u>(1,100)</u>
Expenditures:				
Health and Welfare:				
Materials and services	1,710,191	1,710,191	331,525	1,378,666
Total expenditures	<u>1,710,191</u>	<u>1,710,191</u>	<u>331,525</u>	<u>1,378,666</u>
Excess (deficiency) of revenues over expenditures	(1,345,191)	(1,345,191)	32,375	1,377,566
Other financing sources (uses):				
Transfers out	(54,809)	(54,809)	(54,809)	
Net change in fund balance	(1,400,000)	(1,400,000)	(22,434)	1,377,566
Fund balance, beginning	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,583,103</u>	<u>183,103</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,560,669</u>	<u>\$1,560,669</u>

DOUGLAS COUNTY, OREGON
TITLE III FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$2,107,602	\$7,607,602	\$7,517,429	(\$90,173)
Interest	60,000	60,000	44,970	(15,030)
Total revenues	<u>2,167,602</u>	<u>7,667,602</u>	<u>7,562,399</u>	<u>(105,203)</u>
Expenditures:				
General Government:				
Materials and Services	1,810,341	7,310,341	6,988,552	321,789
Capital Outlay	500,000	500,000		500,000
Total expenditures	<u>2,310,341</u>	<u>7,810,341</u>	<u>6,988,552</u>	<u>821,789</u>
Excess (deficiency) of revenues over expenditures	(142,739)	(142,739)	573,847	716,586
Other financing sources (uses):				
Transfers out	(1,107,261)	(1,107,261)	(602,514)	504,747
Net change in fund balance	(1,250,000)	(1,250,000)	(28,667)	1,221,333
Fund balance, beginning	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,413,707</u>	<u>163,707</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,385,040</u>	<u>\$1,385,040</u>

DOUGLAS COUNTY, OREGON
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$500,000	\$500,000	\$1,069,044	\$569,044
Interest	100,000	100,000	108,941	8,941
Total revenues	600,000	600,000	1,177,985	577,985
Expenditures:				
General Government:				
Personal services		50,000	19,863	30,137
Material and services	100,000	50,000		50,000
Capital outlay	7,000,000	8,500,000	6,249,846	2,250,154
Total expenditures	7,100,000	8,600,000	6,269,709	2,330,291
Excess (deficiency) of revenues over expenditures	(6,500,000)	(8,000,000)	(5,091,724)	2,908,276
Other financing sources:				
Transfers in	6,500,000	8,000,000	5,728,648	(2,271,352)
Net change in fund balance	-	-	636,924	636,924
Fund balance, beginning	4,000,000	4,000,000	4,475,915	475,915
Fund balance, ending	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$5,112,839</u>	<u>\$1,112,839</u>

ENTERPRISE FUNDS

Major Fund

Salmon Harbor Fund

This fund is used to account for the operations of the R.V. Park, the camping area, and the boat launching, moorage and fueling facilities located at the Salmon Harbor Marina.

Nonmajor Fund

Glide-Idleld Sewer Fund

This fund is used to account for the operation of a County-owned sewer system and treatment plant.

DOUGLAS COUNTY, OREGON
SALMON HARBOR FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$969,537	\$969,537	\$1,109,109	\$139,572
Intergovernmental	341,550	341,550	423,963	82,413
Interest	15,000	15,000	24,778	9,778
Other	189,237	299,237	271,055	(28,182)
Total revenues	<u>1,515,324</u>	<u>1,625,324</u>	<u>1,828,905</u>	<u>203,581</u>
Expenditures:				
Personal services	572,077	572,077	572,073	4
Materials and services	820,192	930,192	913,946	16,246
Capital outlay	577,000	577,000	540,415	36,585
Total expenditures	<u>1,969,269</u>	<u>2,079,269</u>	<u>2,026,434</u>	<u>52,835</u>
Excess (deficiency) of revenues over expenditures	<u>(453,945)</u>	<u>(453,945)</u>	<u>(197,529)</u>	<u>256,416</u>
Other financing sources (uses):				
Interfund loan proceeds	2,361,529	2,361,529	2,361,529	
Repayment of interfund loan	(2,361,529)	(2,361,529)	(2,361,529)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(453,945)</u>	<u>(453,945)</u>	<u>(197,529)</u>	<u>256,416</u>
Total fund balance-beginning	<u>453,945</u>	<u>453,945</u>	<u>798,464</u>	<u>344,519</u>
Total fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$600,935</u>	<u>\$600,935</u>
Total from above:				
Net change in fund balance			(\$197,529)	
Add: Capitalized expenditures			540,415	
Repayment of interfund loan			2,361,529	
Change in inventories			(6,132)	
Less: Depreciation			(197,156)	
Interfund loan proceeds			(2,361,529)	
Change in net assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>\$139,598</u>	

DOUGLAS COUNTY, OREGON
 GLIDE-IDLEYLD SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 for the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$377,500	\$377,500	\$348,318	(\$29,182)
Interest	13,000	13,000	11,977	(1,023)
Total revenues	390,500	390,500	360,295	(30,205)
Expenditures:				
Materials and services	315,500	330,500	329,791	709
Capital outlay	15,000			
Total expenditures	330,500	330,500	329,791	709
Excess (deficiency) of revenues over expenditures	60,000	60,000	30,504	(29,496)
Other financing sources (uses):				
Transfers out	(18,000)	(18,000)	(18,000)	
Net change in fund balance	42,000	42,000	12,504	(29,496)
Fund balance-beginning	325,000	325,000	436,813	111,813
Fund balance-ending	<u>\$367,000</u>	<u>\$367,000</u>	<u>\$449,317</u>	<u>\$82,317</u>
Total from above:				
Net change in fund balance			\$12,504	
Less: Depreciation			<u>(175,640)</u>	
Change in net assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>(\$163,136)</u>	

INTERNAL SERVICE FUNDS

Employee Benefit Trust Fund

This fund is used to account for the accumulation and allocation of costs associated with health care, general liability and workers' compensation insurance.

Fleet Management Fund

This fund was established to operate a motor pool for the common use of County departments.

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefit Trust</u>	<u>Fleet Management</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$2,977,338	\$1,421,501	\$4,398,839
Receivables	10,093	26,734	36,827
Due from other funds	268,282	332,035	600,317
Inventories		252,054	252,054
Deposits and prepaid expenses	698,714		698,714
Total current assets	<u>3,954,427</u>	<u>2,032,324</u>	<u>5,986,751</u>
Capital assets:			
Furniture and equipment		108,442	108,442
Vehicles and heavy equipment		3,760,536	3,760,536
Less accumulated depreciation		<u>(3,062,031)</u>	<u>(3,062,031)</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>806,947</u>	<u>806,947</u>
Total assets	<u>3,954,427</u>	<u>2,839,271</u>	<u>6,793,698</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,935		7,935
Accrued payroll, withholdings and benefits	1,391	31,066	32,457
Accrued compensated absences	6,331	53,190	59,521
Accrued claims liability	2,402,000		2,402,000
Due to other funds	88,036	35,611	123,647
Total current liabilities	<u>2,505,693</u>	<u>119,867</u>	<u>2,625,560</u>
NET ASSETS			
Invested in capital assets		806,947	806,947
Unrestricted	1,448,734	1,912,457	3,361,191
Total net assets	<u>\$1,448,734</u>	<u>\$2,719,404</u>	<u>\$4,168,138</u>

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2005

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefit Trust</u>	<u>Fleet Management</u>	<u>Total</u>
Operating revenues:			
Interdepartmental charges	\$8,237,132	\$3,252,166	\$11,489,298
Other	1,115,104	155,248	1,270,352
Total operating revenues	<u>9,352,236</u>	<u>3,407,414</u>	<u>12,759,650</u>
Operating expenses:			
Salaries and wages	65,486	618,802	684,288
Payroll taxes and benefits		320,674	320,674
Premiums and operating expenses	9,437,284		9,437,284
Operating supplies and expenses		2,075,620	2,075,620
Utilities		48,460	48,460
Depreciation		373,606	373,606
Total operating expenses	<u>9,502,770</u>	<u>3,437,162</u>	<u>12,939,932</u>
Operating income (loss)	<u>(150,534)</u>	<u>(29,748)</u>	<u>(180,282)</u>
Nonoperating revenues and expenses:			
Interest income	76,455	36,477	112,932
Gain (loss) on sale of capital assets		(3,459)	(3,459)
Total nonoperating revenues and expenses	<u>76,455</u>	<u>33,018</u>	<u>109,473</u>
Income (loss) before transfers	(74,079)	3,270	(70,809)
Transfers in	<u>300,000</u>		<u>300,000</u>
Change in net assets	225,921	3,270	229,191
Total net assets - beginning	<u>1,222,813</u>	<u>2,716,134</u>	<u>3,938,947</u>
Total net assets - ending	<u>\$1,448,734</u>	<u>\$2,719,404</u>	<u>\$4,168,138</u>

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2005

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefit Trust</u>	<u>Fleet Management</u>	<u>Total</u>
Cash flow from operating activities:			
Receipts from customers	\$9,322,908	\$3,279,247	\$12,602,155
Payments to suppliers and contractors	(9,858,411)	(2,136,020)	(11,994,431)
Payments to employees	(65,071)	(932,781)	(997,852)
Other operating receipts		155,248	155,248
Net cash provided by (used in) operating activities	<u>(600,574)</u>	<u>365,694</u>	<u>(234,880)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	<u>300,000</u>		<u>300,000</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets		32,427	32,427
Acquisition of capital assets		(274,937)	(274,937)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(242,510)</u>	<u>(242,510)</u>
Cash flows from investing activities:			
Interest received	<u>76,455</u>	<u>36,477</u>	<u>112,932</u>
Net increase (decrease) in cash and cash equivalents	(224,119)	159,661	(64,458)
Cash and cash equivalents, beginning	<u>3,201,457</u>	<u>1,261,840</u>	<u>4,463,297</u>
Cash and cash equivalents, ending	<u>\$2,977,338</u>	<u>\$1,421,501</u>	<u>\$4,398,839</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(\$150,534)	(\$29,748)	(\$180,282)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation		373,606	373,606
(Increase) decrease in:			
Accounts receivable	11,664	(12,877)	(1,213)
Prepaid expenses and deposits	(694,546)		(694,546)
Inventories		2,015	2,015
Interfund receivables	(40,992)	39,958	(1,034)
Increase (decrease) in:			
Accounts payable	7,935		7,935
Accrued payroll, withholdings and benefits	(570)	3,791	3,221
Accrued compensated absences	985	2,904	3,889
Accrued claims liability	330,727		330,727
Interfund payables	(65,243)	(13,955)	(79,198)
Total adjustments	<u>(450,040)</u>	<u>395,442</u>	<u>(54,598)</u>
Net cash provided by (used in) operating activities	<u>(\$600,574)</u>	<u>\$365,694</u>	<u>(\$234,880)</u>

DOUGLAS COUNTY, OREGON
EMPLOYEE BENEFIT TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interdepartmental charges	\$8,894,276	\$8,894,276	\$8,237,132	(\$657,144)
Interest			76,455	76,455
Other	840,000	840,000	1,115,104	275,104
 Total revenues	 <u>9,734,276</u>	 <u>9,734,276</u>	 <u>9,428,691</u>	 <u>(305,585)</u>
 Expenditures:				
Personal services	65,527	65,527	65,486	41
Materials and services	10,052,276	10,352,276	9,437,284	914,992
Total expenditures	<u>10,117,803</u>	<u>10,417,803</u>	<u>9,502,770</u>	<u>915,033</u>
 Excess (deficiency) of revenues over expenditures	 (383,527)	 (683,527)	 (74,079)	 609,448
 Other financing sources:				
Transfers in		300,000	300,000	
 Net change in fund balance	 (383,527)	 (383,527)	 225,921	 609,448
 Fund balance, beginning	 <u>968,527</u>	 <u>968,527</u>	 <u>1,222,813</u>	 <u>254,286</u>
 Fund balance, ending	 <u>\$585,000</u>	 <u>\$585,000</u>	 <u>\$1,448,734</u>	 <u>\$863,734</u>

DOUGLAS COUNTY, OREGON
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interdepartmental charges	\$3,002,000	\$3,002,000	\$3,252,166	\$250,166
Interest	70,000	70,000	36,477	(33,523)
Other	233,500	233,500	187,675	(45,825)
Total revenues	<u>3,305,500</u>	<u>3,305,500</u>	<u>3,476,318</u>	<u>170,818</u>
Expenditures:				
Personal services	1,010,397	1,010,397	939,476	70,921
Materials and services	1,916,065	2,116,065	2,102,765	13,300
Capital outlay	311,000	311,000	294,237	16,763
Contingency account	600,000	400,000		400,000
Total expenditures	<u>3,837,462</u>	<u>3,837,462</u>	<u>3,336,478</u>	<u>500,984</u>
Net change in fund balance	(531,962)	(531,962)	139,840	671,802
Fund balance, beginning	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,520,561</u>	<u>190,561</u>
Fund balance, ending	<u>\$798,038</u>	<u>\$798,038</u>	<u>\$1,660,401</u>	<u>\$862,363</u>
Total from above:				
Net change in fund balance			\$139,840	
Add: Capitalized expenditures			274,937	
Less: Depreciation			(373,606)	
Capital asset disposals			(35,886)	
Change in inventories			<u>(2,015)</u>	
Change in net assets as reported in the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>\$3,270</u>	

AGENCY FUND

This fund is used to account for the County's collection and turnover of property taxes to all other taxing districts within Douglas County, Oregon and for other miscellaneous clearing accounts held by the Treasurer.

DOUGLAS COUNTY, OREGON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
for the year ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Assets:				
Equity in pooled cash and investments	\$2,030,869	\$71,060,475	\$71,133,164	\$1,958,180
Property taxes receivable	5,550,619	58,604,982	58,803,362	5,352,239
Accrued interest receivable	9,063	296,120	305,183	-
 Total assets	 \$7,590,551	 \$129,961,577	 \$130,241,709	 \$7,310,419
 Liabilities:				
Due to other governmental units	\$7,590,551	\$129,961,577	\$130,241,709	\$7,310,419

**CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

DOUGLAS COUNTY, OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2005

Governmental funds capital assets:	
Land	\$12,097,215
Buildings and improvements	38,134,555
Furniture and equipment	6,006,320
Vehicles and heavy equipment	17,837,612
Dam structures and improvements	28,221,318
Infrastructure	303,986,425
Construction in progress	<u>17,236,051</u>
Total governmental funds capital assets	<u><u>\$423,519,496</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$41,508,987
Special revenue funds	353,434,209
Capital projects funds	25,873,867
Donations	<u>2,702,433</u>
Total governmental funds capital assets	<u><u>\$423,519,496</u></u>

DOUGLAS COUNTY, OREGON
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2005

Function and Activity	Land	Dam Structures and Improvements	Buildings and Improvements	Furniture and Equipment	Vehicles and Heavy Equipment	Infrastructure	Construction in Progress	Total
General Government:								
Board of Commissioners				\$14,765				\$14,765
County Assessor				244,102				244,102
County Clerk - Elections/Recording				314,339				314,339
County Counsel				6,108				6,108
Facilities			\$15,695	134,973				150,668
Finance and Taxation				480,658				480,658
Forest Management	\$1,763,519			16,060				1,779,579
Industrial Development	852,229							852,229
Information Technology				456,580				456,580
Juvenile			4,927,334	55,964				4,983,298
Law Library				16,982				16,982
Planning				42,403				42,403
Surveying				193,427				193,427
Other - Unclassified	723,757		13,899,901	702,430		\$894,178		16,220,266
Total general government	3,339,505	-	18,842,930	2,678,791	-	894,178	-	25,755,404
Public Safety:								
Communications				414,437			\$373,237	787,674
Building Inspection				43,416	\$44,646			88,062
Drug Abuse Prevention				108,099	49,200			157,299
Sheriff			2,162,220	570,223	39,946		6,853,978	9,626,367
District Attorney				64,390			71,559	135,949
Parole & Probation				53,072	57,858			110,930
Total public safety	-	-	2,162,220	1,253,637	191,650	-	7,298,774	10,906,281
Highways and Streets	649,300	-	2,857,601	474,795	13,504,817	292,436,890	2,445,198	312,368,601
Sanitation	1,299,430	-	-	340,346	3,905,854	10,655,357	-	16,200,987
Health and Welfare	467,544	-	3,688,612	365,104	76,059	-	-	4,597,319
Culture and Recreation:								
Parks	1,003,627		2,098,832	21,221	129,227			3,252,907
Library	259,725		3,605,431	501,535				4,366,691
Museum			1,334,528	26,603				1,361,131
County Fair	99,447		3,544,401	232,065	8,865		2,944,022	6,828,800
Total culture and recreation	1,362,799	-	10,583,192	781,424	138,092	-	2,944,022	15,809,529
Conservation:								
Land	2,186,304							2,186,304
Water	2,792,333	\$28,221,320		112,223	21,139		4,548,056	35,695,071
Total conservation	4,978,637	28,221,320	-	112,223	21,139	-	4,548,056	37,881,375
Total governmental funds capital assets	\$12,097,215	\$28,221,320	\$38,134,555	\$6,006,320	\$17,837,611	\$303,986,425	\$17,236,050	\$423,519,496

DOUGLAS COUNTY, OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
for the year ended June 30, 2005

Function and Activity	Governmental Funds Capital Assets July 1, 2004	Additions and Transfers	Deletions and Transfers	Governmental Funds Capital Assets June 30, 2005
General Government:				
Board of Commissioners	\$5,347	\$9,418		\$14,765
County Assessor	250,852		\$6,750	244,102
County Clerk	314,339			314,339
County Counsel	6,108			6,108
Facilities	150,668			150,668
Finance - Taxation	545,921		65,263	480,658
Forest Management	1,779,579			1,779,579
Industrial Development	852,229			852,229
Information Technology	456,580			456,580
Justices of Peace	5,084		5,084	-
Juvenile	4,983,298			4,983,298
Law Library	16,982			16,982
Planning	42,403			42,403
Surveying	157,869	35,558		193,427
Other - Unclassified	16,150,383	75,901	6,018	16,220,266
Total general government	<u>25,717,642</u>	<u>120,877</u>	<u>83,115</u>	<u>25,755,404</u>
Public Safety:				
Communications	755,202	32,472		787,674
Building Inspection	43,416	44,646		88,062
Drug Abuse Prevention	177,299		20,000	157,299
Sheriff	6,406,796	3,219,571		9,626,367
District Attorney	64,390	71,559		135,949
Parole & Probation	110,930			110,930
Total public safety	<u>7,558,033</u>	<u>3,368,248</u>	<u>20,000</u>	<u>10,906,281</u>
Highways and Streets	<u>307,052,692</u>	<u>6,085,810</u>	<u>769,901</u>	<u>312,368,601</u>
Sanitation	<u>16,140,189</u>	<u>76,294</u>	<u>15,496</u>	<u>16,200,987</u>
Health and Welfare	<u>4,538,052</u>	<u>59,267</u>		<u>4,597,319</u>
Culture and Recreation:				
Parks	2,951,068	311,054	9,215	3,252,907
Library	4,437,145		70,454	4,366,691
Museum	1,416,079	6,019	60,967	1,361,131
County Fair	3,914,835	2,913,965		6,828,800
Total culture and recreation	<u>12,719,127</u>	<u>3,231,038</u>	<u>140,636</u>	<u>15,809,529</u>
Conservation:				
Land	2,186,304			2,186,304
Water	37,865,061	4,548,056	6,718,046	35,695,071
Total conservation	<u>40,051,365</u>	<u>4,548,056</u>	<u>6,718,046</u>	<u>37,881,375</u>
Total governmental funds' capital assets	<u><u>\$413,777,100</u></u>	<u><u>\$17,489,590</u></u>	<u><u>\$7,747,194</u></u>	<u><u>\$423,519,496</u></u>

OTHER FINANCIAL SCHEDULES

The County is required by State law to disclose the financial transactions of elected officials. This subsection includes schedules of cash receipts and turnovers for the County Clerk, Sheriff, Surveyor, Justices of the Peace, District Attorney and Assessor's Office.

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

DOUGLAS COUNTY, OREGON
COUNTY CLERK
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004	\$11,113
Receipts	1,262,693
Turnovers to County Treasurer	<u>(1,261,416)</u>
Cash, June 30, 2004	<u><u>\$12,390</u></u>

DOUGLAS COUNTY, OREGON
SHERIFF - CIVIL AND CRIMINAL
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004		\$14,090
Receipts		4,562,795
Turnovers:		
County Treasurer	\$4,221,000	
Others	<u>342,111</u>	
Total turnovers		<u>(4,563,111)</u>
Cash, June 30, 2005		<u><u>\$13,774</u></u>

DOUGLAS COUNTY, OREGON
SURVEYOR
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004	\$50
Receipts	106,441
Turnovers to County Treasurer	<u>(106,441)</u>
Cash, June 30, 2005	<u><u>\$50</u></u>

DOUGLAS COUNTY, OREGON
JUSTICE OF THE PEACE - CANYONVILLE, OREGON
SCHEDULE OF CASH RECEIPTS AND TURNS
for the year ended June 30, 2005

Cash, July 1, 2004		\$54,814
Receipts		555,171
Turnovers:		
County Treasurer	\$437,305	
Others	133,143	
Total turnovers		<u>(570,448)</u>
Cash, June 30, 2005		<u><u>\$39,537</u></u>

DOUGLAS COUNTY, OREGON
JUSTICE OF THE PEACE - REEDSPORT, OREGON
SCHEDULE OF CASH RECEIPTS AND TURNS
for the year ended June 30, 2005

Cash, July 1, 2004		\$30,258
Receipts		275,447
Turnovers:		
County Treasurer	\$147,059	
Others	<u>119,618</u>	
Total turnovers		<u>(266,677)</u>
Cash, June 30, 2005		<u><u>\$39,028</u></u>

DOUGLAS COUNTY, OREGON
JUSTICE OF THE PEACE - DRAIN, OREGON
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004		\$20,930
Receipts		218,951
Turnovers:		
County Treasurer	\$144,866	
Others	<u>71,770</u>	
Total turnovers		<u>(216,636)</u>
Cash, June 30, 2005		<u><u>\$23,245</u></u>

DOUGLAS COUNTY, OREGON
JUSTICE OF THE PEACE - GLENDALE, OREGON
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004		\$14,164
Receipts		298,363
Turnovers:		
County Treasurer	\$206,806	
Others	<u>78,703</u>	
Total turnovers		<u>(285,509)</u>
Cash, June 30, 2005		<u><u>\$27,018</u></u>

DOUGLAS COUNTY, OREGON
DISTRICT ATTORNEY
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004	\$300
Receipts	509,150
Turnovers to County Treasurer	<u>(509,150)</u>
Cash, June 30, 2005	<u><u>\$300</u></u>

DOUGLAS COUNTY, OREGON
ASSESSOR'S OFFICE
SCHEDULE OF CASH RECEIPTS AND TURNOVERS
for the year ended June 30, 2005

Cash, July 1, 2004	\$50
Receipts	17,127
Turnovers to County Treasurer	<u>(17,127)</u>
Cash, June 30, 2005	<u><u>\$50</u></u>

DOUGLAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2005

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2004</u>	<u>Current Levy As Extended By Assessor</u>	<u>Deduct Discounts Allowed</u>	<u>Corrections and Adjustments</u>	<u>Deduct Cash Collections</u>	<u>Taxes Receivable June 30, 2005</u>
2004-05		\$66,590,418	\$1,591,529	(\$91,257)	\$61,860,183	\$3,047,448
2003-04	\$3,109,919			(30,948)	1,696,779	1,382,192
2002-03	1,675,771			(34,754)	623,752	1,017,265
2001-02	899,356			(25,331)	555,996	318,029
2000-01	292,698			(9,485)	223,181	60,031
1999-00	52,542			(4,803)	26,640	21,098
1998-99	31,529			(2,428)	13,290	15,810
1997-98 & Prior	53,574			(754)	10,648	42,172
	<u>6,115,387</u>			<u>(108,504)</u>	<u>3,150,285</u>	<u>2,856,598</u>
	<u>\$6,115,387</u>	<u>\$66,590,418</u>	<u>\$1,591,529</u>	<u>(\$199,761)</u>	<u>\$65,010,469</u>	<u>\$5,904,047</u>

Summary by fund and fund type:

Special Revenue Fund - Public Safety Fund	\$6,207,107	\$551,808
Agency Funds	58,803,362	5,352,239
	<u>\$65,010,469</u>	<u>\$5,904,047</u>

DOUGLAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY LEVY YEAR BY FUND
for the year ended June 30, 2005

<u>Tax Year</u>	<u>Public Safety</u>	<u>Agency</u>	<u>Total</u>
2004-05	\$288,390	\$2,759,058	\$3,047,448
2003-04	127,126	1,255,066	1,382,192
2002-03	93,842	923,423	1,017,265
2001-00	29,274	288,755	318,029
2000-01	5,859	54,172	60,031
1999-00	1,959	19,139	21,098
1998-99	1,514	14,296	15,810
1997-98 & Prior	3,844	38,328	42,172
	<u>\$551,808</u>	<u>\$5,352,239</u>	<u>\$5,904,047</u>

DOUGLAS COUNTY, OREGON
 SCHEDULE OF PROPERTY TAX COLLECTIONS BY LEVY YEAR BY FUND
 for the year ended June 30, 2005

Tax Year:	Public Safety	Agency	Total
2004-05	\$5,860,197	\$55,999,987	\$61,860,183
2003-04	168,898	1,527,880	1,696,779
2002-03	70,022	553,729	623,752
2001-02	69,198	486,798	555,996
2000-01	30,958	192,223	223,181
1999-00	3,916	22,724	26,640
1998-99	2,140	11,150	13,290
1997-98 & Prior	1,778	8,870	10,648
	\$6,207,107	\$58,803,361	\$65,010,469

STATISTICAL SECTION
(Unaudited)

DOUGLAS COUNTY, OREGON
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION* (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare	Culture and Recreation	Conservation	Education	Capital Outlay	Debt Service	Total
1995-96	\$13,214,118	\$12,145,616	\$10,561,884	\$2,078,591	\$11,948,025	\$4,768,083	\$624,896	\$4,693,084	\$7,489,240	\$57,899	\$67,581,436
1996-97	13,045,561	13,228,616	10,767,347	2,432,198	12,327,162	5,044,245	572,065	4,448,160	5,446,441	57,899	67,369,694
1997-98	12,055,265	13,421,035	9,801,885	2,431,548	13,359,229	4,834,740	526,856	4,244,569	5,688,522	57,898	66,421,547
1998-99	13,092,209	15,003,805	10,846,249	1,988,191	15,332,282	4,752,381	585,453	3,935,429	5,546,710	57,900	71,140,609
1999-00	13,457,633	16,108,330	11,717,326	1,853,182	17,568,698	5,018,931	553,542	3,679,944	6,888,095	57,899	76,903,580
2000-01	13,367,640	17,778,153	12,152,092	2,069,145	19,631,828	5,251,448	704,162	3,486,641	8,332,983	112,053	82,886,145
2001-02	14,848,851	19,072,286	13,498,822	2,238,486	21,718,397	5,655,773	619,474	4,761,302	8,187,949	170,601	90,771,941
2002-03	16,646,215	19,528,084	14,271,136	2,278,076	21,294,183	5,893,226	692,951	5,000,834	10,633,507	167,952	96,406,164
2003-04	22,960,152	19,512,601	14,651,686	2,390,361	19,982,666	6,107,555	588,843	4,833,697	7,195,208	166,263	98,389,032
2004-05	23,343,694	18,946,280	14,591,256	2,362,647	20,092,523	5,983,169	708,265	4,913,530	7,651,836	176,620	98,769,820

Note: (1) The funds included in this presentation are the General and Special Revenue funds.

DOUGLAS COUNTY, OREGON
GENERAL GOVERNMENT REVENUES BY SOURCE* (1)
Last Ten Fiscal Years

Fiscal Year	Charges for Services	Permits, Licenses and Fines	Intergovern- mental	Taxes	Assess- ments	Interest	Other	Total
1995-96	\$5,311,034	\$1,119,343	\$54,798,783	\$4,194,667	\$20,477	\$5,804,085	\$3,017,781	\$74,266,170
1996-97	4,979,579	1,347,668	54,416,685	4,485,760	26,706	6,007,924	2,095,378	73,359,700
1997-98	5,375,725	1,205,743	55,646,201	4,164,042	8,182	6,721,286	2,271,217	75,392,396
1998-99	5,962,721	1,533,729	57,571,371	4,553,265	12,364	6,102,203	3,038,101	78,773,754
1999-00	6,322,606	1,337,698	58,465,914	4,916,517	13,193	6,966,248	2,719,070	80,741,246
2000-01	6,353,963	1,360,652	60,014,901	5,227,767	36,731	9,792,521	3,148,584	85,935,119
2001-02	6,587,518	1,312,265	78,084,083	5,289,120	143,693	6,346,381	2,006,496	99,769,556
2002-03	6,975,632	1,453,497	76,973,672	5,551,747	171,274	5,117,620	2,405,512	98,648,954
2003-04	7,316,840	1,534,517	81,906,823	5,743,752	85,190	987,982	3,462,271	101,037,375
2004-05	7,105,616	1,538,921	103,082,117	6,204,100	55,589	4,259,437	2,668,627	124,914,407

Note: (1) This schedule includes General and Special Revenue Funds.

* Source: County financial records

DOUGLAS COUNTY, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS*
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections (2)	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes To Tax Levy
1995-96	\$4,257,248	\$4,031,758	94.70 %	\$225,490	\$4,257,248	100.00 %	\$0	0.00 %
1996-97	4,590,696	4,349,829	94.75	237,022	4,586,851	99.92	3,845	0.08
1997-98	5,115,342	4,843,715	94.69	271,627	5,115,342	100.00	0	0.00
1998-99	4,538,249	4,211,991	92.81	324,744	4,536,735	99.97	1,514	0.03
1999-00	4,673,621	4,366,454	93.43	305,208	4,366,454	93.43	1,959	6.57
2000-01	5,460,787	4,885,444	89.46	569,484	5,454,928	99.89	5,859	0.11
2001-02	5,417,410	5,100,441	94.15	287,695	5,388,136	99.46	29,274	0.54
2002-03	5,665,977	5,329,670	94.06	242,466	5,572,136	98.34	93,841	1.66
2003-04	5,800,851	5,514,820	95.07	158,905	5,673,725	97.81	127,126	2.19
2004-05	6,301,675	6,013,285	95.42	0	6,013,285	95.42	288,390	4.58

Notes:

(1) Includes levy within the tax base, miscellaneous assessments, payments in lieu of tax and tax levy shared offsets.

(2) Delinquent taxes collected are posted to the year of the levy.

* Source: County Tax Collector detail records related to Douglas County funds. Does not include Agency Funds.

DOUGLAS COUNTY, OREGON
 ASSESSED VALUE OF TAXABLE PROPERTY*
 Last Ten Fiscal Years

Fiscal Year	Real (a)		Personal (b)		Total	
	Assessed Value	Real Market Value	Assessed Value	Real Market Value	Assessed Value	Real Market Value
1995-96	\$3,954,768,030	\$5,241,648,781	\$320,088,024	\$323,089,492	\$4,274,856,054	\$5,564,738,273
1996-97	4,258,112,898	6,179,722,212	344,790,893	347,806,953	4,602,903,791	6,527,529,165
1997-98	3,716,171,708	5,914,963,263	339,182,886	376,060,143	4,055,354,594	6,291,023,406
1998-99	3,933,072,922	5,663,767,115	354,539,162	390,460,930	4,287,612,084	6,054,228,045
1999-00	4,137,580,443	5,928,652,028	363,655,781	394,484,241	4,501,236,224	6,323,136,269
2000-01	4,535,721,076	7,391,981,505	365,012,351	417,021,385	4,900,733,427	7,809,002,890
2001-02	4,686,837,928	7,717,695,417	358,987,348	402,910,147	5,045,825,276	8,120,605,564
2002-03	4,903,695,981	8,120,639,083	347,024,151	386,523,485	5,250,720,132	8,507,162,568
2003-04	5,075,161,859	8,795,849,411	353,108,254	395,507,211	5,428,270,113	9,191,356,622
2004-05	5,402,111,164	9,603,287,948	362,526,463	404,515,183	5,764,637,627	10,007,803,131

(a) Includes utilities

(b) Includes manufactured structures

*Source: Douglas County Assessor's records.

DOUGLAS COUNTY, OREGON
CONSOLIDATED TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	Douglas County	Cities	Education Service District	School Districts	Fire Districts	Water Districts	Sanitary Districts	Other Special Purpose Districts	Total
1995-1996	\$1.01	\$5.45	\$1.01	\$11.83	\$1.34	\$0.73	\$1.48	\$1.53	\$24.38
1996-1997	1.02	5.31	0.98	12.21	1.33	0.68	0.95	1.41	23.89
1997-1998	1.05	5.46	0.40	4.19	1.44	0.87	0.96	2.18	16.55
1998-1999	1.06	5.20	0.40	4.27	1.48	0.80	0.99	2.18	16.38
1999-2000	1.05	5.19	0.40	4.41	1.53	0.79	0.99	2.21	16.57
2000-2001	1.08	5.69	0.40	4.55	1.53	0.74	1.00	2.14	17.13
2001-2002	1.07	5.00	0.40	4.58	1.63	0.71	1.00	1.76	16.15
2002-2003	1.08	5.12	0.40	4.57	1.63	0.67	1.00	1.76	16.23
2003-2004	1.08	5.00	0.40	4.56	1.46	1.03	0.99	1.67	16.19
2004-2005	1.10	5.00	0.40	4.54	1.40	0.97	1.49	1.59	16.49

(1) These are average rates and are stated in dollar and cents per \$1,000 of assessed value.

Source: Douglas County Assessor's current and prior years' annual reports.

DOUGLAS COUNTY, OREGON
 PRINCIPAL TAXPAYERS*
 June 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004/05 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Roseburg Forest Products	Sawmill, plywood, etc.	\$179,070,690	3.11%
Pacific Power & Light	Utility	209,580,000	3.64%
Weyerhaeuser Co	Timber	45,770,444	0.79%
Mercy Medical Center	Health Care Provider	18,094,594	0.31%
Qwest Corporation	Utility	32,687,575	0.57%
Seneca Jones	Timber	30,431,196	0.53%
		<u>\$515,634,499</u>	<u>8.94%</u>

*Source: County Assessor property tax roll records.

DOUGLAS COUNTY, OREGON
SPECIAL ASSESSMENT COLLECTIONS, ALL FUNDS*
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>New Assessments</u>	<u>Current Assessments Collected</u>	<u>Total Outstanding Assessments</u>
1995-96		\$37,491	\$197,201
1996-97		42,820	154,381
1997-98		21,776	132,605
1998-99		27,529	105,076
1999-00		26,386	86,857
2000-01	\$163,619	41,371	209,105
2001-02	162,858	143,898	228,065
2002-03	191,502	171,274	248,293
2003-04		85,190	163,103
2004-05		55,589	107,513

* Source: County Tax Collector's assessment ledgers for special assessments and Glide-Idleld assessments

DOUGLAS COUNTY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005

Real Market Value*	<u><u>\$10,007,803,131</u></u>
Legal Debt Margin:	
Debt Limitation - 2% of Real Market Value	\$200,156,063
Debt Applicable to Limitation	<u>0</u>
Legal Debt Margin	<u><u>\$200,156,063</u></u>

Note: The debt limit for general obligation bonds set forth in ORS 287.054(2) provides "the aggregate amount of general obligation bonded indebtedness of counties shall not at any time exceed 2% of the real market value of all taxable property in the county,"

* Source: County Assessor tax roll property value records

DOUGLAS COUNTY, OREGON
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS (1)
 June 30, 2005

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County</u>
Tri-City Water District	\$386,750	100.00 %	\$386,750
South Umpqua Rural Fire Protection District	1,140,000	100.00	1,140,000
Sutherlin Water Control District	172,806	100.00	172,806
Glide Rural Fire Protection District	125,804	100.00	125,804
Douglas County School District No. 4	24,255,000	100.00	24,255,000
Douglas County School District No. 22	380,000	100.00	380,000
Douglas County School District No. 77	900,000	100.00	900,000
Douglas County School District No. 116	9,420,000	100.00	9,420,000
Douglas County School District No. 130	3,725,000	100.00	3,725,000
City of Canyonville	225,211	100.00	225,211
City of Glendale	143,417	100.00	143,417
City of Myrtle Creek	70,000	100.00	70,000
City of Roseburg	960,000	100.00	960,000
City of Sutherlin	1,695,000	100.00	1,695,000
North Douglas County Fire & Ems District	35,000	100.00	35,000
Lane County School District No. 28J	15,770,000	0.34	53,981
Lane County School District No. 45J3	26,770,000	0.21	57,288
Lane County School District No. 97J	15,780,000	0.51	80,951
Lane Community College	19,400,000	0.04	7,120
	<u>\$121,353,988</u>		<u>\$43,833,328</u>

(1) Source: State of Oregon, Municipal Bond Division of the Office of State Treasurer

DOUGLAS COUNTY, OREGON
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR DIRECT GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonded Debt - General Issue (1)</u>			<u>Total General Expenditures</u>	<u>Ratio of Debt Service To General Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>		
1995-96	N/A	N/A	N/A	\$67,581,436	N/A
1995-96	N/A	N/A	N/A	67,581,436	N/A
1996-97	N/A	N/A	N/A	67,369,694	N/A
1997-98	N/A	N/A	N/A	66,421,547	N/A
1998-99	N/A	N/A	N/A	71,140,609	N/A
1999-00	N/A	N/A	N/A	76,903,580	N/A
2000-01	N/A	N/A	N/A	82,886,145	N/A
2001-02	N/A	N/A	N/A	90,771,941	N/A
2002-03	N/A	N/A	N/A	96,406,164	N/A
2003-04	N/A	N/A	N/A	98,389,032	N/A
2004-05	N/A	N/A	N/A	98,769,820	N/A

Note: (1) Douglas County has not had any Direct Bonded Debt General Obligation Bonds in any of the last ten fiscal years.

N/A - Not applicable

Source: Annual Financial Reports

DOUGLAS COUNTY, OREGON
 DEMOGRAPHIC STATISTICS (1)
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Median Family Income (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1995-96	97,100	\$30,600	17,493	7.2%
1996-97	98,600	30,900	17,221	7.5
1997-98	99,100	33,600	16,878	8.6
1998-99	100,300	34,900	16,407	9.5
1999-00	100,580	34,900	16,291	9.3
2000-01	100,900	37,005	16,307	7.8
2001-02	101,200	36,100	16,285	7.5
2002-03	101,300	36,100	16,297	9.8
2003-04	101,300	36,100	16,533	9.2
2004-05	102,350	47,900	16,297	8.3

Note:

(1) All information contained in this table is as of December 31, with the exception of population which is as of July 1.

Sources:

(2) Portland State University Center for Population Research and Census

(3) HUD Economist, Portland

(4) Education Service District enrollment records

(5) Oregon State Division of Employment

DOUGLAS COUNTY, OREGON
 BUILDING PERMITS AND CONSTRUCTION VALUES*
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential</u>		<u>Nonresidential</u>		<u>Total Construction</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
1995-96	560	\$27,583,792	191	\$8,068,085	751	\$35,651,877
1996-97	602	30,020,206	286	10,657,835	888	40,678,041
1997-98	778	35,557,551	112	8,314,589	890	43,872,140
1998-99	838	37,392,489	112	6,307,048	950	43,699,537
1999-00	857	48,050,705	145	37,318,880	1,002	85,369,585
2000-01	843	52,674,722	143	15,419,580	986	68,094,302
2001-02	882	48,710,181	138	22,029,231	1,020	70,739,412
2002-03	928	58,418,695	163	14,251,996	1,091	72,670,691
2003-04	1,076	68,384,696	193	11,374,524	1,269	79,759,220
2004-05	1,257	95,960,203	175	16,005,150	1,432	111,965,353

Note: The aggregate amount of bank deposits for all County financial institutions is not available and thus has not been included in this table.

* Source: County Building Department records

DOUGLAS COUNTY, OREGON
 MISCELLANEOUS STATISTICS

June 30, 2005

Date of Incorporation	January 7, 1852
Form of Government	Board of Commissioners (3 members)
Population (6)	102,350
Area (1)	5,071 Square Miles
County Seat	City of Roseburg
Average Temperature (1)	January - 41.2 Degrees July - 68.4 Degrees
Annual Precipitation (1)	33.35 Inches
Sales Tax	None
Miles of Roads (County Maintained) (2)	
Surfaced	970 Miles
Gravel	220 Miles
Concrete, Steel and Timber Bridges (2)	152
Principal Industries (1)	Forest Products, Mining, Agriculture, Fishing, Recreation
Public Education (3)	
Elementary Schools	34
Junior High Schools	7
High Schools	14
Incorporated Cities and Towns, and Related Populations (6)	
Canyonville	1,450
Drain	1,040
Elkton	150
Glendale	870
Myrtle Creek	3,490
Oakland	940
Reedsport	7,230
Roseburg	20,530
Riddle	1,020
Sutherlin	7,360
Winston	4,940
Yoncalla	1,080

DOUGLAS COUNTY, OREGON
 MISCELLANEOUS STATISTICS, Continued
 June 30, 2005

Points of Interest (1)	Winchester Bay, Salmon Harbor, Oregon Dunes National Park, North Umpqua River, Diamond Lake, Wildlife Safari, Douglas County Museum, Historic Oakland, Winery Tours
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Registered Voters, June, 2005 (5)

Democrat	21,299
Republican	29,400
Other	<u>14,389</u>
 TOTAL	 <u><u>65,088</u></u>

Employees (4)

Elected Officials	13
Department Heads	19
Other Full Time	744
Part Time	357

Sources

- (1) Oregon Blue Book 2005-06
- (2) County Public Works road maintenance records
- (3) Educational Service District records
- (4) County payroll records
- (5) Douglas County Clerk's voter registration records
- (6) Portland State University Population Research Center

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON THE INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

KENNETH KUHNS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594
TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON THE INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

November 18, 2005

Board of Commissioners
Douglas County, Oregon
Roseburg, Oregon

We have audited the financial statements of Douglas County, Oregon as of and for the year ended June 30, 2005, and have issued our report thereon dated November 18, 2005. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Douglas County, Oregon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Kenneth Kuhns & Co.
Kenneth Kuhns & Co.

INDEPENDENT AUDITOR'S COMMENTS

(Disclosures and Comments Required by State Regulations)

Oregon Administrative Rules 162-10-050 through 162-10-320, the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in the preceding sections of this report. required comments and disclosures related to the audit of such statements and schedules are set forth following.

INDEPENDENT AUDITOR'S COMMENTS

Internal Control

Our report on the County's internal control over financial reporting is presented on pages 96 and 97 of this Comprehensive Annual Financial Report.

Other Comments and Disclosures

In connection with our audit, nothing came to our attention that caused us to believe the County was not substantially in compliance with:

- ORS Chapter 295 regarding collateral securing depository balances,
- ORS 294.035 regarding the investment of surplus public funds,
- the legal requirements relating to debt,
- ORS 294.305 to 294.565 in the preparation and adoption of its budget for the fiscal years ending June 30, 2005 and June 30, 2006, and the execution of its budget for the fiscal year ended June 30, 2005,
- ORS Chapter 279 in the awarding of public contracts and the construction of public improvements,
- the legal requirements pertaining to the use of revenue from taxes on motor vehicle use fuel,
- the statutory requirements pertaining to the use of road funds, and
- the appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Additionally, we make the following comments:

- The accounting records are generally adequate for the needs of the County and are reasonably well maintained.
- We have reviewed the County's insurance and fidelity bond coverage for compliance with legal requirements. Since we are not experts in insurance matters, we make no representation as to the adequacy of such coverage.

COMMENDATION

The courteous assistance and cooperation extended to us by employees and officials of the County during the course of the audit are sincerely appreciated.