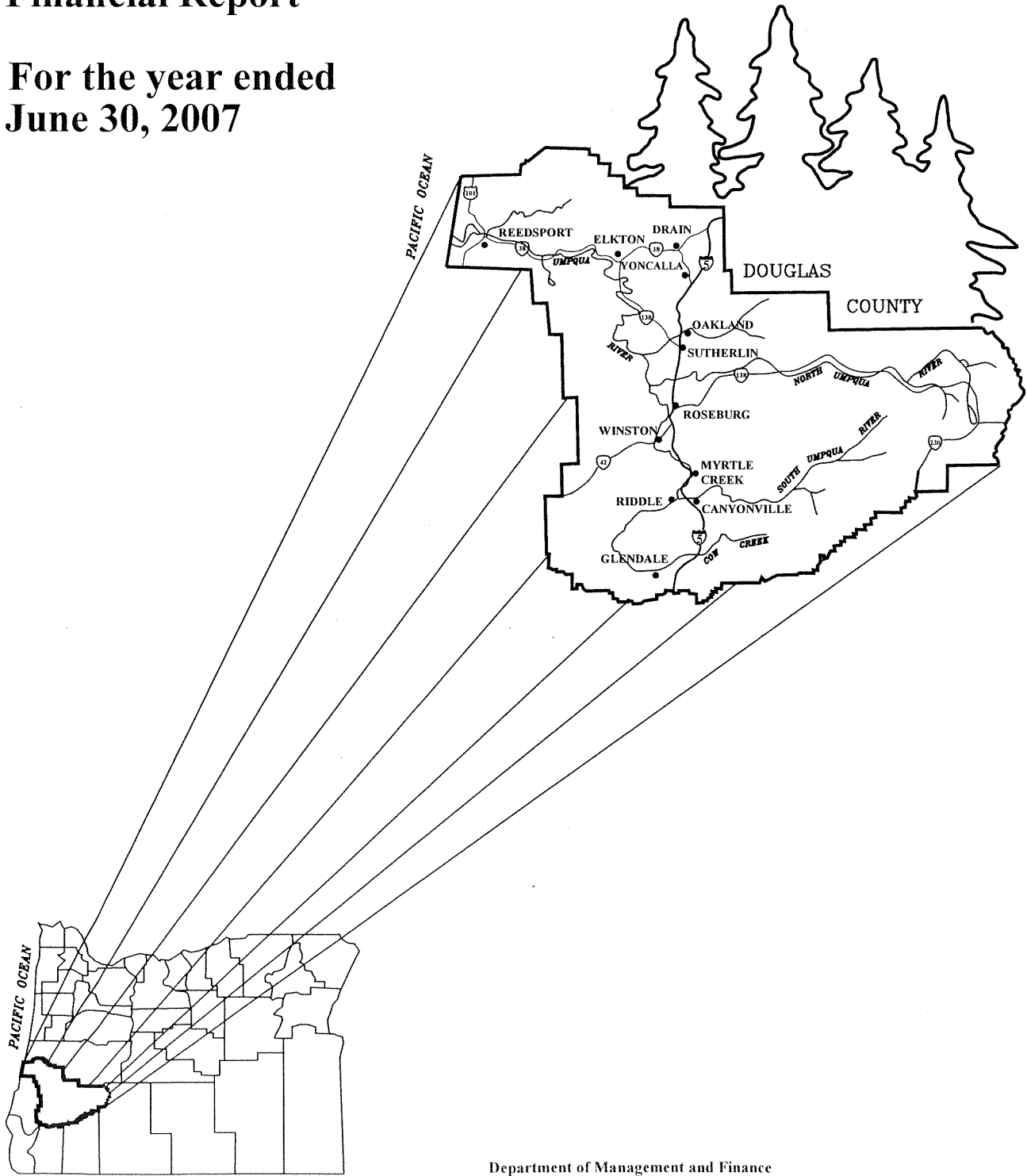


DOUGLAS COUNTY, OREGON

Comprehensive Annual Financial Report

For the year ended
June 30, 2007



MF-COMPL.DWG

DOUGLAS COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ending June 30, 2007

DOUGLAS COUNTY, OREGON
Comprehensive Annual Financial Report

TABLE OF CONTENTS



Page(s)

INTRODUCTORY SECTION

Letter of Transmittal	i - iv
GFOA Certificate of Achievement	v
Organization Chart	vi
Listing of Principal Officials	vii

FINANCIAL SECTION

Independent Auditor's Report	1-2
Management's Discussion and Analysis (MD&A)	3-9

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Assets	10
Statement of Activities	11

Fund Financial Statements

Governmental Funds:

Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15

Proprietary Funds:

Statement of Net Assets	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets	17
Statement of Cash Flows	18

Fiduciary Fund:

Statement of Fiduciary Net Assets	19
-----------------------------------	----

<i>Notes to Basic Financial Statements</i>	20-38
--	-------

DOUGLAS COUNTY, OREGON
Comprehensive Annual Financial Report

TABLE OF CONTENTS, continued

	<u>Page(s)</u>
Required Supplementary Information	
Schedule of Funding Progress – Oregon Public Employees Retirement System	39
Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
General Fund	40
Public Works Fund	41
Public Safety Fund	42
Health and Social Services Fund	43
Notes to Budget and Actual Schedules	44
Other Supplementary Data	
Combining and Individual Fund Statements and Schedules	
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Dog Control Fund	47
Law Library Fund	48
Liquor Law Enforcement Fund	49
County Forest Management Fund	50
County Fair Board Fund	51
Industrial Development Fund	52
Salmon Habitat Improvement Fund	53
County Schools Fund	54
Water Development Fund	55
Drug Abuse Prevention Fund	56
Title III Fund	57
Capital Projects Fund	58
<i>Enterprise Funds:</i>	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Salmon Harbor Fund	59
Glide-Idleld Sewer Fund	60
<i>Internal Service Funds:</i>	
Combining Statement of Net Assets	61
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	62
Combining Statement of Cash Flows	63

DOUGLAS COUNTY, OREGON
Comprehensive Annual Financial Report

TABLE OF CONTENTS, continued

Page(s)

Schedules of Revenue, Expenditures and Changes in Fund Balance –
Budget and Actual

Employee Benefit Trust Fund	64
Fleet Management Fund	65

Agency Fund:

Statement of Changes in Assets and Liabilities	66
--	----

Capital Assets Used in the Operation of Governmental Funds

Schedule by Source	67
Schedule by Function and Activity	68
Schedule of Changes by Function and Activity	69

Other Financial Schedules

Schedule of Cash Receipts and Turnovers – Elected Officials	70
Schedule of Property Tax Transactions and Outstanding Balances	71
Schedule of Property Taxes Receivable by Levy Year by Fund	72
Schedule of Property Tax Collections by Levy Year by Fund	73

STATISTICAL SECTION (Unaudited)

Financial Trends

Net Assets by Component – Last Five Fiscal Years	74
Changes in Net Assets – Last Five Fiscal Years	75
Fund Balances of Governmental Funds – Last Five Fiscal Years	76
Changes in Fund Balances of Governmental Funds – Last Five Fiscal Years	77

Revenue Capacity

Assessed Value and Estimate Actual Value of Taxable Property – Last Ten Fiscal Years	78
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	79
Principal Property Taxpayers – Current Year and Nine Years Ago	80
Property Tax Levies and Collections – Last Ten Fiscal Years	81

Debt Capacity

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	82
Direct and Overlapping Governmental Activities Debt – June 30, 2007	83
Legal Debt Margin Information – Last Ten Fiscal Years	84

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years	85
Principal Employers – Current Year and Nine Years Ago	86

DOUGLAS COUNTY, OREGON
Comprehensive Annual Financial Report

TABLE OF CONTENTS, continued

Page(s)

Operating Information

Full-time Equivalent County Government Employees by Function/Program – Last Ten Fiscal Years	87
Operating Indicators by Function/Program – Last Ten Fiscal Years	88
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	89

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

Report of Independent Accountants	90-91
-----------------------------------	-------

INDEPENDENT AUDITOR'S COMMENTS
(Disclosures and Comments Required by State Regulations)

Report of Independent Accountants	92-93
-----------------------------------	-------

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

December 17, 2007

To the Board of County Commissioners and the Citizens of Douglas County:

We are please to submit the Comprehensive Annual Financial Report of Douglas County, Oregon, for the fiscal year ended June 30, 2007, 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 generally accepted accounting principles. 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, 2007, 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 generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require 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 103,815. 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.

As a general purpose government, 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.

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.

For financial reporting purposes, Douglas County includes all funds of Douglas County as well as one component unit. A component unit is a legally separate entity for which Douglas County

is financially accountable. Additional information on this legally separate entity can be found in note 1 of the notes to the financial statements.

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.

When the wood products industry went into decline, Douglas County began to diversify. Population increases have been largely from the migration of retirement age people from other states. This has contributed to a growth in the service and retail industries. However, job growth in the County has been slow. The unemployment rate for the month of June 2007 in Douglas County was 7.4%. This is above both the state rate of 5.3% and the national rate of 4.6%.

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 2007-08. Continuation of this funding beyond fiscal 2007-08 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 pools most funds for investment purposes to obtain maximum return on investments while minimizing the risk of loss of principal due to credit and market risk. 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 two years. The average yield on investments was 4.5% during 2006-07. Investment income includes unrealized gains and losses on investments due to changes in fair market value of investments held at fiscal year end. These reported changes in value are temporary, since the County's policy is to hold investments to maturity. Additional information on the County's cash management activities can be found in note 3A of the notes to the financial statements.

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 self-insures for general liability, workers' compensation and unemployment. Additional

information on the County's risk management activities can be found in note 4A of the notes to the financial statements.

Pension benefits. Douglas County participates in two employee retirement plans sponsored by the Oregon Public Employees Retirement System (OPERS). These are the Public Employee Retirement System plan (PERS) and the Oregon Public Service Retirement Plan (OPSRP). Those employed prior to August 29, 2003 are members of the PERS plan, while those employed on or after August 29, 2003 are members of the OPSRP plan. 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 plans to ensure that the plans will be able to fully meet its obligations to retired employees on a timely basis. Additional information on OPERS can be found on their web site at: <http://oregon.gov/PERS>. Additional information on the County's participation in OPERS can be found in note 4D of the notes to the financial statements.

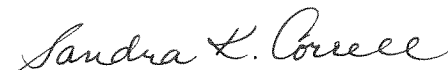
AWARDS AND ACKNOWLEDGEMENTS

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, 2006. This was the nineteenth 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual 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 services of the employees in the Finance Department who assisted and contributed to 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, 2006

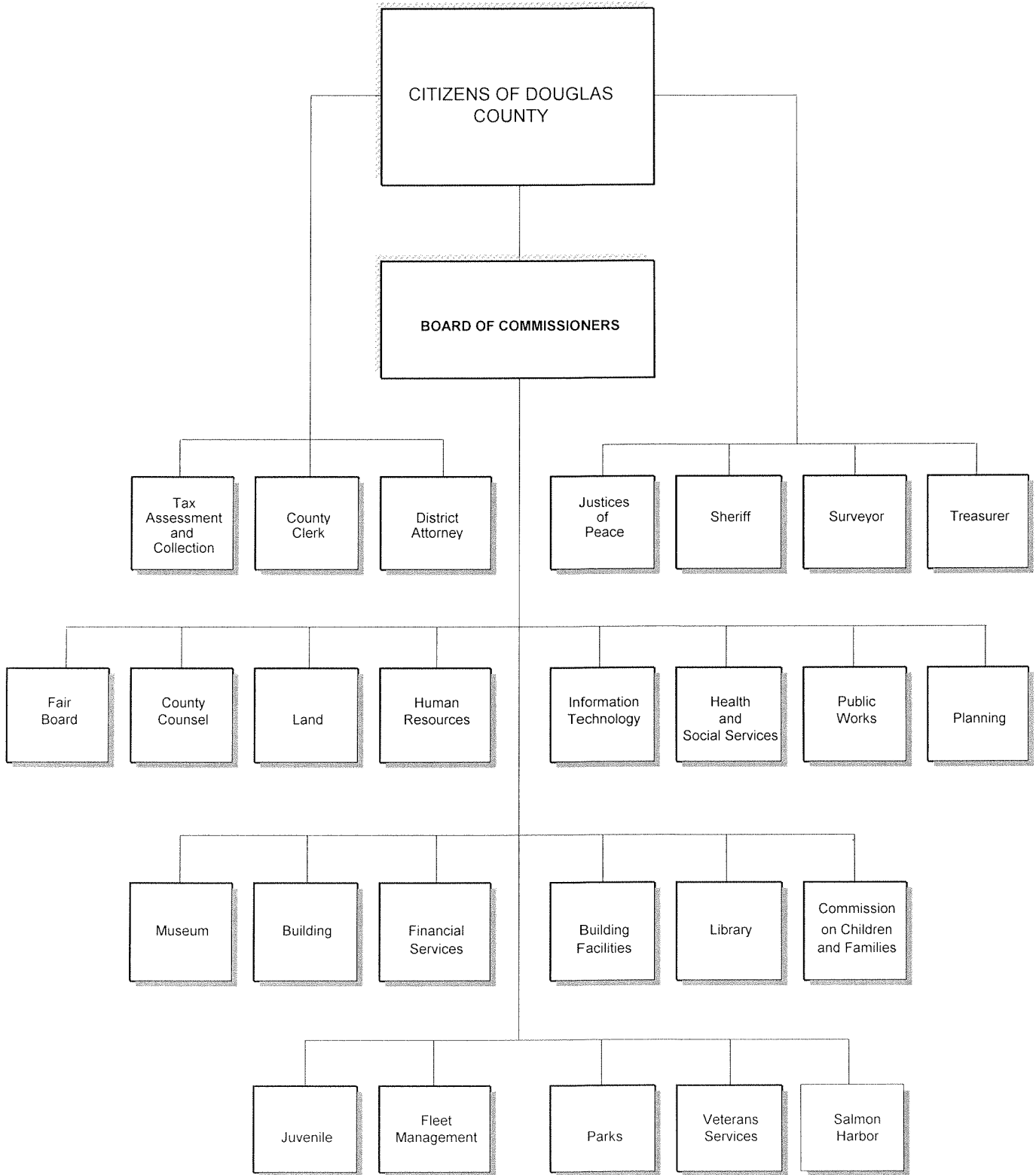
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

DOUGLAS COUNTY, OREGON
 ORGANIZATION CHART



DOUGLAS COUNTY, OREGON
LISTING OF PRINCIPAL OFFICIALS
as of June 30, 2007

BOARD OF COUNTY COMMISSIONERS
COUNTY COURTHOUSE
Roseburg, Oregon 97470

Telephone: (541) 440-4201

<u>Name</u>	<u>Term Expiration Date</u>
Marilyn Kittelman 2303 Elkhead Road Yoncalla, Oregon 97499	December 31, 2008
Joe Laurance 484 Dillard Gardens Road Winston, Oregon 97496	December 31, 2010
Doug Robertson P.O. Box 383 Roseburg, Oregon 97470	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

December 17, 2007

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, 2007, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, 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, 2007, 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, other supplementary data, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary data 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 December 17, 2007 on our consideration of Douglas County, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Kenneth Kuhns & Co.

Management's Discussion and Analysis

As management of Douglas County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2007. 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, 2007, by \$347,357,581 (*net assets*). Of this amount, \$48,073,793 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$6,929,749. This decrease is due primarily to the increase in the county landfill closure and postclosure liability (an increase of \$5,622,000) and a decrease in cash and investments as a result of a multi-year project in progress to renovate county bridges.
- At June 30, 2007, the unreserved fund balance for the General Fund was \$48,257,045 or 126% of total General Fund expenditures and transfers to other funds. This represents an increase of \$3,095,115 or 6.8% from the previous year.

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:

- Government-wide financial statements
- Fund financial statements
- 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 County's net assets changed during the fiscal year ended June 30, 2007. Changes in net assets are reported when the underlying events giving rise to the change occur, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items, for example, uncollected property taxes and earned but unused vacation leave, which will only result in cash flows in future fiscal periods.

Both government-wide financial statements (*Statement of Net Assets* and *Statement of Activities*) 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 Douglas 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 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Douglas 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. A reconciliation of the governmental funds balance sheet to the government-wide statement of net assets and a reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balance to the government-wide statement of activities have been included in this report.

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 of this report.

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 of this report.

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 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

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 of this report.

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 \$347,357,581 at June 30, 2007.

The largest portion of the County's net assets (61%) 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 25% of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance (14%) of unrestricted net assets (\$48,073,793) 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	
	6/30/2007	6/30/2006	6/30/2007	6/30/2006	6/30/2007	6/30/2006
Cash and investments	\$158,385,731	\$164,142,279	\$1,404,529	\$1,278,638	\$159,790,260	\$165,420,917
Receivables	10,597,212	8,448,705	40,058	41,691	10,637,270	8,490,396
Internal balances	130,328	115,424	(130,328)	(115,424)		
Other assets	3,082,653	3,207,534	13,096	29,151	3,095,749	3,236,685
Interfund loan balances	2,361,529	2,361,529	(2,361,529)	(2,361,529)		
Capital assets	206,299,495	201,914,503	5,384,506	5,726,588	211,684,001	207,641,091
Total assets	<u>380,856,948</u>	<u>380,189,974</u>	<u>4,350,332</u>	<u>4,599,115</u>	<u>385,207,280</u>	<u>384,789,089</u>
Noncurrent liabilities	27,085,142	21,303,450			27,085,142	21,303,450
Other liabilities	10,708,971	9,152,620	55,586	45,689	10,764,557	9,198,309
Total liabilities	<u>37,794,113</u>	<u>30,456,070</u>	<u>55,586</u>	<u>45,689</u>	<u>37,849,699</u>	<u>30,501,759</u>
Net assets:						
Invested in capital assets	206,299,495	201,914,503	5,384,506	5,726,588	211,684,001	207,641,091
Restricted	87,599,787	96,447,581			87,599,787	96,447,581
Unrestricted	49,163,553	51,371,820	(1,089,760)	(1,173,162)	48,073,793	50,198,658
Total net assets	<u>\$343,062,835</u>	<u>\$349,733,904</u>	<u>\$4,294,746</u>	<u>\$4,553,426</u>	<u>\$347,357,581</u>	<u>\$354,287,330</u>

Douglas County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2007	6/30/2006	6/30/2007	6/30/2006	6/30/2007	6/30/2006
Revenues:						
Program revenues:						
Charges, fees and fines	\$14,807,193	\$13,494,523	\$1,908,514	\$1,782,403	\$16,715,707	\$15,276,926
Operating grants and contributions	60,274,316	59,190,528	302,337	376,331	60,576,653	59,566,859
Capital contributions						
General revenues:						
Property taxes	6,985,626	6,541,686			6,985,626	6,541,686
Grants and contributions not restricted to specific programs	26,611,362	25,443,814			26,611,362	25,443,814
Unrestricted investment earnings	9,365,375	5,610,501	58,903	35,731	9,424,278	5,646,232
Total revenues	<u>118,043,872</u>	<u>110,281,052</u>	<u>2,269,754</u>	<u>2,194,465</u>	<u>120,313,626</u>	<u>112,475,517</u>
Expenses:						
General government	26,470,243	26,668,475			26,470,243	26,668,475
Public safety	23,129,754	21,355,931			23,129,754	21,355,931
Highways and streets	28,071,514	25,739,885			28,071,514	25,739,885
Sanitation	9,230,886	9,495,022			9,230,886	9,495,022
Health and welfare	23,584,522	22,202,806			23,584,522	22,202,806
Culture and recreation	7,538,083	6,880,841			7,538,083	6,880,841
Conservation	1,401,630	1,197,024			1,401,630	1,197,024
Education	5,228,454	5,052,799			5,228,454	5,052,799
Interest on long-term debt	86,755	91,037			86,755	91,037
Sewer			539,392	543,981	539,392	543,981
Recreational facility			1,962,142	1,793,854	1,962,142	1,793,854
Total expenses	<u>124,741,841</u>	<u>118,683,820</u>	<u>2,501,534</u>	<u>2,337,835</u>	<u>127,243,375</u>	<u>121,021,655</u>
Increase (decrease) in net assets before transfers	(6,697,969)	(8,402,768)	(231,780)	(143,370)	(6,929,749)	(8,546,138)
Gain on sale of assets						
Transfers	26,900	21,000	(26,900)	(21,000)		
Increase (decrease) in net assets	(6,671,069)	(8,381,768)	(258,680)	(164,370)	(6,929,749)	(8,546,138)
Net assets - July 1	<u>349,733,904</u>	<u>358,115,672</u>	<u>4,553,426</u>	<u>4,717,796</u>	<u>354,287,330</u>	<u>362,833,468</u>
Net assets - June 30	<u>\$343,062,835</u>	<u>\$349,733,904</u>	<u>\$4,294,746</u>	<u>\$4,553,426</u>	<u>\$347,357,581</u>	<u>\$354,287,330</u>

Governmental activities. Governmental activities decreased net assets by \$6,671,069. This decrease was primarily the result of an increase in the closure and postclosure estimate of the county landfill and current expenditures on the multi-year project to renovate county bridges.

Business-type activities. Business-type activities decreased net assets by \$258,680. This decrease is the result of an increase in operating costs and a reduction in state funding for operation of the Salmon Harbor Marina facility.

Financial Analysis of County Funds

Douglas 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 \$158,281,148 a decrease of \$5,367,092 over the prior year. Over 95% 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 \$48,257,045, while total fund balance reached \$49,041,387. Unreserved fund balance represents 126% of total general fund expenditures and transfers to other funds.

The General Fund's unreserved fund balance increased by \$3,095,115 in 2006-07 and \$1,939,331 in 2005-06. Approximately 65% of the General Fund 2006-07 revenues came from federal funding called the "Secure Rural Schools and Community Self-Determination Act of 2000". This Act was due to expire in fiscal 2006-07. In May 2007 Congress extended the Act for one additional year. This extension will provide funding through fiscal 2007-08. The Board of County Commissioners continues to manage resources to build reserves until funding can be stabilized.

The Public Works fund balance decreased by \$7,895,546 including change in inventory. This decrease is due largely to expenditures on a multi-year bridge replacement/repair project funded by the Oregon Transportation Investment Act (OTIA). The total project is in excess of \$20 million. At the end of the current fiscal year, the unreserved fund balance of the Public Works Fund was \$82,963,549.

The Public Safety fund balance decreased \$47,455 to \$1,505,833. Revenues to the Public Safety Fund remained fairly consistent with the previous year, while expenditures increased as a result of negotiated salary and benefits increases for law enforcement employees causing a decrease in fund balance.

The Health & Social Services fund balance decreased \$1,799,133 to \$1,228,011. The decrease was due to the use of reserves to continue mental health services to the public after program assistance from the State of Oregon was reduced.

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-Idleyld Sewer). The most significant change was the reduction of \$73,944 in operating assistance provided by the State of Oregon to Salmon Harbor operations in 2006-07.

General Fund Budgetary Highlights

Total appropriations in the General Fund's final amended budget were \$463,259 higher than the original budget. During the 2006-07 fiscal, the County ran a supplemental budget increasing revenues and expenditures in the Building Department by \$308,052; the Planning Department by \$118,954; and the Commission on Children and Families by \$36,253. During fiscal 2006-07 the County's Building Department began issuing building permits inside the City of Roseburg (a program previously operated by the City of Roseburg). They added five full-time employees to operate the program. Anticipated expenditures were \$242,852 for personal services and \$65,200 for other expenditures. Also, during the year, the Planning Department assumed the inspection and issuance of subsurface sewage permits from the State of Oregon DEQ. The department added three full-time employees to operate the program. Anticipated expenditures for personal services were \$89,454 and \$29,500 for other operating costs. The Commission on Children and Families had an unanticipated carryover of Healthy Start grant revenues of \$36,253 from 2005-06 and increased their appropriation in the 2006-07 fiscal year to include distribution of these funds.

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, 2007 amounts to \$211,684,001 (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 \$4,042,910.

Capital Assets at Year-End (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$12,248,938	\$12,248,938	\$921,221	\$921,221	\$13,170,159	\$13,170,159
Buildings & improvements	28,374,982	28,601,818	4,427,754	4,762,116	32,802,736	33,363,934
Furniture and equipment	10,752,382	2,103,464			10,752,382	2,103,464
Vehicles & heavy equipment	7,928,390	8,142,578	35,531	43,251	7,963,921	8,185,829
Dams	21,636,345	22,012,630			21,636,345	22,012,630
Infrastructure	105,467,261	110,537,961			105,467,261	110,537,961
Construction in progress	19,891,197	18,267,114			19,891,197	18,267,114
Totals	\$206,299,495	\$201,914,503	\$5,384,506	\$5,726,588	\$211,684,001	\$207,641,091

The following table reconciles the changes in capital assets:

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$437,475,099	\$13,911,246	\$451,386,345
Additions	15,304,924	26,756	15,331,680
Retirements	(1,304,348)		(1,304,348)
Depreciation	(245,446,180)	(8,553,496)	(253,999,676)
Ending balance	<u>\$206,029,495</u>	<u>\$5,384,506</u>	<u>\$211,414,001</u>

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

Long-term Debt. As of year-end, the County had \$1,566,686 in notes payable for industrial development within the County. This is \$88,909 less than the \$1,655,595 owing June 30 of the prior year due to payments on loans.

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 from the federal Rural Schools and Community Self-Determination Act, which provides annual revenue to replace declining timber harvest revenues. Unless Congress acts to continue this funding, this funding will expire in fiscal 2007-08. The county received approximately \$24.7 million for general government operations and \$14.5 million for roads and bridges in 2006-07. These funds represent over 45% of the county's revenues. Funding from this source in 2007-08 is anticipated to be comparable to 2006-07.
- The local economy, although slowly beginning to diversify, is still heavily dependent on the wood products industry. The County's unemployment rate for the month of June 2007 was 7.4%. This compares unfavorably to the state's average unemployment rate of 5.3% and the national average rate of 4.6%.
- During the last few years, a significant impact in personnel costs throughout the County has been the sharp increase in the cost for the Oregon Public Employees Retirement System (PERS). Although the state legislature took action to change the program and thereby reduce the unfunded accrued liability causing the large funding increases, many law suits were filed as a result of the state's action. Decisions regarding part of the suits have yet to be handed-down. The contribution percentages to PERS remain a significant part of the County's personnel costs.
- Total taxable assessed value (the basis of property tax revenues) within the County increased 5.5%. This reflects a slight growth on top of the constitutional 3% limit on increases to assessed valuations of existing property. Property taxes represent about 6% of overall County revenues and are used to help support the Public Safety Fund.
- The population of the County increased less than 1% during the past year.

These are among the factors that were considered in preparing the County's budget for fiscal year 2007-08.

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, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	\$158,385,731	\$1,404,529	\$159,790,260	
Receivables	10,597,212	40,058	10,637,270	\$1,700,000
Internal balances	130,328	(130,328)		
Inventories	2,178,996	12,093	2,191,089	
Deposits and prepaid items	903,657	1,003	904,660	
Interfund loan balances	2,361,529	(2,361,529)		
Capital assets (net of accumulated depreciation):				
Land	12,248,938	921,221	13,170,159	
Buildings and improvements	28,374,982	4,427,754	32,802,736	
Furniture and equipment	10,752,382		10,752,382	
Vehicles and heavy equipment	7,928,390	35,531	7,963,921	
Dams	21,636,345		21,636,345	
Infrastructure	105,467,261		105,467,261	
Construction in progress	19,891,197		19,891,197	
Total assets	<u>380,856,948</u>	<u>4,350,332</u>	<u>385,207,280</u>	<u>1,700,000</u>
LIABILITIES				
Accounts payable and other current liabilities	8,054,052	55,586	8,109,638	
Unearned revenues	285,405		285,405	
Noncurrent liabilities:				
Due within one year	2,369,514		2,369,514	30,000
Due in more than one year	27,085,142		27,085,142	1,670,000
Total liabilities	<u>37,794,113</u>	<u>55,586</u>	<u>37,849,699</u>	<u>1,700,000</u>
NET ASSETS				
Investment in capital assets	206,299,495	5,384,506	211,684,001	
Restricted for:				
Highways and streets	84,561,682		84,561,682	
Health and social services	803,239		803,239	
Other purposes	2,234,866		2,234,866	
Unrestricted (deficit)	49,163,553	(1,089,760)	48,073,793	
Total net assets	<u>\$343,062,835</u>	<u>\$4,294,746</u>	<u>\$347,357,581</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, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		Total	Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government :							
Governmental activities:							
General government	\$26,470,243	\$5,571,145	\$9,498,478	(\$11,400,620)		(\$11,400,620)	
Public safety	23,129,754	3,774,827	4,892,104	(14,462,823)		(14,462,823)	
Highways and streets	28,071,514	464,025	21,897,367	(5,710,122)		(5,710,122)	
Sanitation	9,230,886	280,117	29,878	(8,920,891)		(8,920,891)	
Health and welfare	23,584,522	1,409,166	18,234,131	(3,941,225)		(3,941,225)	
Culture and recreation	7,538,083	2,524,056	624,123	(4,389,904)		(4,389,904)	
Conservation	1,401,630	782,822	95,497	(523,311)		(523,311)	
Education	5,228,454	1,035	5,002,738	(224,681)		(224,681)	
Interest on long-term debt	86,755			(86,755)		(86,755)	
Total governmental activities	<u>124,741,841</u>	<u>14,807,193</u>	<u>60,274,316</u>	<u>(49,660,332)</u>	<u>-</u>	<u>(49,660,332)</u>	
Business-type Activities:							
Sewer	539,392	368,559			(170,833)	(170,833)	
Boat marina/RV park	1,962,142	1,539,955	302,337		(119,850)	(119,850)	
Total business-type activities	<u>2,501,534</u>	<u>1,908,514</u>	<u>302,337</u>	<u>-</u>	<u>(290,683)</u>	<u>(290,683)</u>	
Total primary government	<u>\$127,243,375</u>	<u>\$16,715,707</u>	<u>\$60,576,653</u>	<u>(49,660,332)</u>	<u>(290,683)</u>	<u>(49,951,015)</u>	
Component unit:							
Hospital Facility Authority	<u>\$128,625</u>	<u>\$ -</u>	<u>\$ -</u>				(\$128,625)
General revenues:							
Property taxes				6,985,626		6,985,626	
Grants and contributions not restricted to specific purposes				26,611,362		26,611,362	
Unrestricted investment earnings				9,365,375	58,903	9,424,278	128,625
Transfers				26,900	(26,900)		
Total general revenues and transfers				<u>42,989,263</u>	<u>32,003</u>	<u>43,021,266</u>	<u>128,625</u>
Change in net assets				<u>(6,671,069)</u>	<u>(258,680)</u>	<u>(6,929,749)</u>	<u>-</u>
Net assets - beginning				<u>349,733,904</u>	<u>4,553,426</u>	<u>354,287,330</u>	<u>-</u>
Net assets-ending				<u>\$343,062,835</u>	<u>\$4,294,746</u>	<u>\$347,357,581</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$47,606,708	\$85,006,037	\$297,750	\$577,630	\$16,925,616	\$150,413,741
Receivables	2,863,995	958,579	1,858,663	1,626,770	3,279,859	10,587,866
Due from other funds	4,532,592	181,010	631,799	756,119	289,386	6,390,906
Inventories	9,070	1,805,891				1,814,961
Deposits and prepaid items	784,342	14,950	81,822	14,389	5,654	901,157
Interfund loan receivable					2,361,529	2,361,529
Total assets	<u>\$55,796,707</u>	<u>\$87,966,467</u>	<u>\$2,870,034</u>	<u>\$2,974,908</u>	<u>\$22,862,044</u>	<u>\$172,470,160</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$4,571,940	\$360,417	\$4,808	\$282,693	\$100,617	\$5,320,475
Accrued payroll, withholdings and benefits	771,850	296,571	537,687	360,604	64,567	2,031,279
Due to other funds	1,129,121	2,359,125	209,551	1,103,600	509,833	5,311,230
Due to other government units	91,287	2,252				93,539
Deferred revenues	191,122	163,712	612,155		465,500	1,432,489
Total liabilities	<u>6,755,320</u>	<u>3,182,077</u>	<u>1,364,201</u>	<u>1,746,897</u>	<u>1,140,517</u>	<u>14,189,012</u>
Fund balances:						
Reserved for:						
Interfund loans receivable					2,361,529	2,361,529
Inventories		1,805,891				1,805,891
Notes receivable					2,534,289	2,534,289
O & C deposit	759,461					759,461
Deposits and prepaid items	24,881	14,950	81,822	14,389	5,654	141,696
Unreserved, reported in:						
General Fund	48,257,045					48,257,045
Special Revenue Funds		82,963,549	1,424,011	1,213,622	11,930,651	97,531,833
Capital Projects Fund					4,889,404	4,889,404
Total fund balances	<u>49,041,387</u>	<u>84,784,390</u>	<u>1,505,833</u>	<u>1,228,011</u>	<u>21,721,527</u>	<u>158,281,148</u>
Total liabilities and fund balances	<u>\$55,796,707</u>	<u>\$87,966,467</u>	<u>\$2,870,034</u>	<u>\$2,974,908</u>	<u>\$22,862,044</u>	<u>\$172,470,160</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, 2007

Fund Balances - Governmental Funds	\$158,281,148
------------------------------------	---------------

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	205,163,125
---	-------------

Long- term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds

Notes payable	(\$1,566,686)	
Accrued compensated absences	(2,427,309)	
Landfill closure and postclosure care cost	<u>(22,410,000)</u>	(26,403,995)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds	1,147,084
---	-----------

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	4,875,473
--	-----------

	<u>\$343,062,835</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, 2007

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Charges for services	\$4,259,982	\$85,835	\$1,675,696	\$963,619	\$2,123,912	\$9,109,044
Permits, licenses and fines	1,072,110	75,743	238,982	193,245	253,183	1,833,263
Intergovernmental	29,817,284	21,897,367	3,559,405	17,876,107	13,747,515	86,897,678
Property taxes			6,979,666			6,979,666
Assessments	2,115	145,959				148,074
Interest	2,975,069	5,132,882	90,755	69,670	840,760	9,109,136
Other	225,531	156,492	201,683	249,698	1,902,410	2,735,814
Total revenues	<u>38,352,091</u>	<u>27,494,278</u>	<u>12,746,187</u>	<u>19,352,339</u>	<u>18,867,780</u>	<u>116,812,675</u>
Expenditures:						
Current:						
General Government	16,867,537				8,236,579	25,104,116
Public Safety	4,058,993		17,762,558			21,821,551
Highways and Streets		16,308,164				16,308,164
Sanitation	2,825,943					2,825,943
Health and Welfare	345,880			22,537,002	268,428	23,151,310
Culture and Recreation	4,637,405				2,092,662	6,730,067
Conservation					998,348	998,348
Education					5,228,454	5,228,454
Capital outlay	1,609,580	16,329,247	257,926	71,661	1,541,270	19,809,684
Debt service:						
Principal					88,909	88,909
Interest					86,755	86,755
Total expenditures	<u>30,345,338</u>	<u>32,637,411</u>	<u>18,020,484</u>	<u>22,608,663</u>	<u>18,541,405</u>	<u>122,153,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,006,753</u>	<u>(5,143,133)</u>	<u>(5,274,297)</u>	<u>(3,256,324)</u>	<u>326,375</u>	<u>(5,340,626)</u>
Other financing sources (uses):						
Transfers in	3,029,025		5,226,842	2,114,682	2,043,030	12,413,579
Transfers out	(7,931,563)	(2,699,047)		(657,491)	(1,098,578)	(12,386,679)
Total other financing sources (uses)	<u>(4,902,538)</u>	<u>(2,699,047)</u>	<u>5,226,842</u>	<u>1,457,191</u>	<u>944,452</u>	<u>26,900</u>
Net change in fund balances	3,104,215	(7,842,180)	(47,455)	(1,799,133)	1,270,827	(5,313,726)
Fund balances, beginning	45,937,172	92,679,936	1,553,288	3,027,144	20,450,700	163,648,240
Change in reserve for inventories		(53,366)				(53,366)
Fund balances, ending	<u>\$49,041,387</u>	<u>\$84,784,390</u>	<u>\$1,505,833</u>	<u>\$1,228,011</u>	<u>\$21,721,527</u>	<u>\$158,281,148</u>

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, 2007

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

Net change in fund balances - Governmental Funds	(\$5,313,726)
<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	\$14,753,619
Less current year depreciation	<u>(10,446,056)</u>
	4,307,563
<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>	
	(72,064)
<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>	
	(53,366)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	64,097
<p>The increase 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>	
	(5,622,000)
<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>	
	14,120
<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>4,307</u>
Change in net assets - governmental activities	<u><u>(\$6,671,069)</u></u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	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
ASSETS						
Current assets:						
Cash and investments	\$929,585	\$798,850	\$474,944	\$479,788	\$1,404,529	\$7,971,990
Receivables	40,058	41,691			40,058	9,346
Due from other funds	15,298	703		440	15,298	455,325
Inventories	12,093	28,208			12,093	364,035
Deposits and prepaids	1,003	943			1,003	2,500
Total current assets	<u>998,037</u>	<u>870,395</u>	<u>474,944</u>	<u>480,228</u>	<u>1,472,981</u>	<u>8,803,196</u>
Capital assets:						
Land	921,221	921,221			921,221	
Buildings and improvements	7,611,699	7,584,943	5,269,220	5,269,220	12,880,919	
Furniture and equipment						166,870
Vehicles and heavy equipment	122,474	122,474	13,388	13,388	135,862	3,886,639
Less accumulated depreciation	<u>(3,904,942)</u>	<u>(3,711,747)</u>	<u>(4,648,554)</u>	<u>(4,472,911)</u>	<u>(8,553,496)</u>	<u>(2,917,139)</u>
Total capital assets (net of accumulated depreciation)	<u>4,750,452</u>	<u>4,916,891</u>	<u>634,054</u>	<u>809,697</u>	<u>5,384,506</u>	<u>1,136,370</u>
Total assets	<u>5,748,489</u>	<u>5,787,286</u>	<u>1,108,998</u>	<u>1,289,925</u>	<u>6,857,487</u>	<u>9,939,566</u>
LIABILITIES						
Current liabilities:						
Accounts payable						2,804
Accrued payroll, withholdings and benefits	29,221	22,824			29,221	605,955
Accrued compensated absences	26,365	22,865			26,365	50,661
Accrued claims liability						3,000,000
Due to other funds	98,929	81,979	31,224	35,174	130,153	1,420,146
Interfund loan payable	<u>2,361,529</u>	<u>2,361,529</u>			<u>2,361,529</u>	
Total current liabilities	<u>2,516,044</u>	<u>2,489,197</u>	<u>31,224</u>	<u>35,174</u>	<u>2,547,268</u>	<u>5,079,566</u>
NET ASSETS						
Invested in capital assets	4,750,452	4,916,891	634,054	809,697	5,384,506	1,136,370
Unrestricted (deficit)	<u>(1,518,007)</u>	<u>(1,618,802)</u>	<u>443,720</u>	<u>445,054</u>	<u>(1,074,287)</u>	<u>3,723,630</u>
Total net assets	<u>\$3,232,445</u>	<u>\$3,298,089</u>	<u>\$1,077,774</u>	<u>\$1,254,751</u>	4,310,219	<u>\$4,860,000</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(15,473)</u>	
Net assets of business-type activities					<u>\$4,294,746</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, 2007

	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	\$1,210,609	\$1,110,988	\$368,559	\$371,111	\$1,579,168	\$15,270,466
Other	329,346	300,304			329,346	910,860
Total operating revenues	<u>1,539,955</u>	<u>1,411,292</u>	<u>368,559</u>	<u>371,111</u>	<u>1,908,514</u>	<u>16,181,326</u>
Operating expenses:						
Salaries and wages	466,074	404,846			466,074	731,207
Payroll taxes and benefits	246,501	207,795			246,501	367,745
Operating supplies and expenses	635,365	604,987	363,750	368,341	999,115	12,423,103
Utilities	272,408	238,941			272,408	62,623
Administrative expenses	132,539	133,907			132,539	2,535,940
Depreciation	193,196	199,495	175,642	175,640	368,838	382,546
Total operating expenses	<u>1,946,083</u>	<u>1,789,971</u>	<u>539,392</u>	<u>543,981</u>	<u>2,485,475</u>	<u>16,503,164</u>
Operating income (loss)	<u>(406,128)</u>	<u>(378,679)</u>	<u>(170,833)</u>	<u>(172,870)</u>	<u>(576,961)</u>	<u>(321,838)</u>
Nonoperating revenues and expenses:						
Intergovernmental	302,337	376,331			302,337	
Interest income	38,147	21,764	20,756	13,967	58,903	256,239
Gain (loss) on sale of capital assets						53,847
Total nonoperating revenues	<u>340,484</u>	<u>398,095</u>	<u>20,756</u>	<u>13,967</u>	<u>361,240</u>	<u>310,086</u>
Income (loss) before transfers	<u>(65,644)</u>	<u>19,416</u>	<u>(150,077)</u>	<u>(158,903)</u>	<u>(215,721)</u>	<u>(11,752)</u>
Transfers out			<u>(26,900)</u>	<u>(21,000)</u>	<u>(26,900)</u>	
Change in net assets	<u>(65,644)</u>	<u>19,416</u>	<u>(176,977)</u>	<u>(179,903)</u>	<u>(242,621)</u>	<u>(11,752)</u>
Total net assets-beginning	<u>3,298,089</u>	<u>3,278,673</u>	<u>1,254,751</u>	<u>1,434,654</u>		<u>4,871,752</u>
Total net assets-ending	<u>\$3,232,445</u>	<u>\$3,298,089</u>	<u>\$1,077,774</u>	<u>\$1,254,751</u>		<u>\$4,860,000</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(16,059)</u>	
Change in net assets of business-type activities					<u>(\$258,680)</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, 2007

	Business-type Activities - Enterprise Funds					Governmental Activities
	Salmon Harbor		Glide-Idleyld Sewer		Total	Internal Service Funds
	Current Year	Prior Year	Current Year	Prior Year	Current Year	
Cash flow from operating activities:						
Receipts from customers	\$1,541,586	\$1,410,209	\$368,559	\$371,111	\$1,910,145	
Receipts from interfund services provided						\$16,179,879
Payments to suppliers and contractors	(1,021,902)	(1,047,188)	(367,259)	(347,949)	(1,389,161)	(13,210,699)
Payments to employees	(702,678)	(614,413)			(702,678)	(847,306)
Other operating receipts						27,081
Net cash provided by (used in) operating activities	<u>(182,994)</u>	<u>(251,392)</u>	<u>1,300</u>	<u>23,162</u>	<u>(181,694)</u>	<u>2,148,955</u>
Cash flows from noncapital financing activities:						
Transfers to other funds			(26,900)	(21,000)	(26,900)	
Operating grants from other governmental entities	302,337	376,331			302,337	
Net cash provided by (used in) noncapital and related financing activities	<u>302,337</u>	<u>376,331</u>	<u>(26,900)</u>	<u>(21,000)</u>	<u>275,437</u>	
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets						73,113
Acquisition of capital assets	(26,755)	(89,392)			(26,755)	(551,305)
Net cash provided by (used in) capital and related financing activities	<u>(26,755)</u>	<u>(89,392)</u>	<u>-</u>	<u>-</u>	<u>(26,755)</u>	<u>(478,192)</u>
Cash flows from investing activities:						
Interest received	38,147	21,764	20,756	13,967	58,903	256,239
Net increase (decrease) in cash and cash equivalents	130,735	57,311	(4,844)	16,129	125,891	1,927,002
Cash and cash equivalents, beginning	798,850	741,539	479,788	463,659	1,278,638	6,044,988
Cash and cash equivalents, ending	<u>\$929,585</u>	<u>\$798,850</u>	<u>\$474,944</u>	<u>\$479,788</u>	<u>\$1,404,529</u>	<u>\$7,971,990</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(\$406,128)	(\$378,679)	(\$170,833)	(\$172,870)	(\$576,961)	(\$321,838)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	193,196	199,495	175,642	175,640	368,838	382,546
(Increase) decrease in:						
Accounts receivable	1,631	(1,083)		1,308	1,631	46,303
Prepaid expenses and deposits	(60)	307			(60)	6,188
Inventories	16,115	(15,935)			16,115	(10,815)
Interfund receivables	(14,595)	(233)	441	8,862	(14,154)	(20,669)
Increase (decrease) in:						
Accounts payable						(3,264)
Accrued payroll, withholdings and benefits	6,397	1,928			6,397	257,768
Accrued compensated absences	3,500	(3,700)			3,500	(6,122)
Claims and judgements payable						598,000
Interfund payables	16,950	(53,492)	(3,950)	10,222	13,000	1,220,858
Total adjustments	<u>223,134</u>	<u>127,287</u>	<u>172,133</u>	<u>196,032</u>	<u>395,267</u>	<u>2,470,793</u>
Net cash provided by (used in) operating activities	<u>(\$182,994)</u>	<u>(\$251,392)</u>	<u>\$1,300</u>	<u>\$23,162</u>	<u>(\$181,694)</u>	<u>\$2,148,955</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2007

ASSETS

Cash and investments:

Equity in pooled cash and investments	\$1,549,928
Property taxes receivable	5,217,169
Accrued interest receivable	<u>58,007</u>

Total assets	<u><u>\$6,825,104</u></u>
--------------	---------------------------

LIABILITIES

Due to other governmental units	<u>\$6,825,104</u>
---------------------------------	--------------------

Total liabilities	<u><u>\$6,825,104</u></u>
-------------------	---------------------------

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, 2007

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, 2007

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 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 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, 2007

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-Idleyld Sewer Fund and the

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

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, 2007

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, 2007

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 2006-07.

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, 2007

Note 2 - Stewardship, Compliance, and Accountability

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.

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, 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, 2007.

DOUGLAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS, continued
 June 30, 2007

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, 2007:

Cash on hand	\$159,434
Deposits with financial institutions	12,783,811
Investments	<u>148,396,943</u>
Total cash and investments	161,340,188
Less cash and investments in agency fund	<u>(1,549,928)</u>
Cash and investments, as reported	
Statement of Net Assets	<u><u>\$159,790,260</u></u>

Deposits

Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the banks' records at June 30, 2007 is \$14,151,207. Of these deposits, \$309,845 was covered by federal depository insurance, and \$13,841,362 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 \$43,650,000 in certificates at June 30, 2007. Oregon Revised Statutes require the depository institution to maintain on deposit with 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, 2007, \$13,841,362 of the County's bank balances of \$14,151,207 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$10,381,022
Uninsured and collateral held by pledging bank's collateral custodian but not in the County's name	<u>3,460,340</u>
Total	<u><u>\$13,841,362</u></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, 2007

At June 30, 2007, the County's investments consisted of:

	Fair Value	Percent
Investment in Oregon Local Government		
Investment Pool	\$15,188,484	10.2%
U.S. Government Agency Securities	98,817,321	66.6%
Corporate Bonds	34,391,138	23.2%
Total investments	\$148,396,943	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, 2007 were: 78% mature within 93 days, 9% mature from 94 days to one year, and 13% mature from one to three years.

As of June 30, 2007, maturities for the County's other investments are as follows:

	Less than One Year	One to Two Years
U.S. Government Agency Securities:		
Federal Farm Credit Bank	\$9,375,292	
Federal Home Loan Bank	54,536,877	\$8,990,625
Federal Home Loan Mortgage Corporation	12,084,866	
Federal National Mortgage Association	13,829,661	
Corporate Debt	34,391,138	
Total	\$124,217,834	\$8,990,625

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, 2007

B. Receivables

Receivables as of year-end are as follows:

	Property Taxes	Assess- ments and Mortgage Notes	Accounts	Notes & Contracts	Interest	Total
Governmental activities:						
General Fund		\$717	\$822,975		\$2,040,303	\$2,863,995
Public Works Fund		163,712	794,867			958,579
Public Safety Fund	\$552,179		1,306,484			1,858,663
Health & Social Services Fund			1,626,770			1,626,770
Nonmajor governmental funds			<u>254,444</u>	<u>\$2,999,789</u>	<u>25,626</u>	<u>3,279,859</u>
	552,179	164,429	4,805,540	2,999,789	2,065,929	10,587,866
Internal service funds						
			<u>9,346</u>			<u>9,346</u>
	552,179	164,429	4,814,886	2,999,789	2,065,929	10,597,212
Business-type activities:						
Salmon Harbor Fund			40,058			40,058
Fiduciary Fund - Agency	<u>5,217,169</u>				<u>58,007</u>	<u>5,275,176</u>
	<u>\$5,769,348</u>	<u>\$164,429</u>	<u>\$4,854,944</u>	<u>\$2,999,789</u>	<u>\$2,123,936</u>	<u>\$15,912,446</u>

Primary Government

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, 2007 are as follows:

Aspen Foundation:	
Related to 1997 Series A Bonds	<u>\$1,700,000</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

C. Capital assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$12,248,938			\$12,248,938
Construction in progress	18,267,114	\$12,451,108	\$10,827,025	19,891,197
Total capital assets not being depreciated	30,516,052	12,451,108	10,827,025	32,140,135
Capital assets being depreciated:				
Buildings and improvements	42,287,621	434,996		42,722,617
Furniture and equipment	7,384,407	9,581,895	15,134	16,951,168
Vehicles and heavy equipment	22,282,010	993,739	1,019,214	22,256,535
Dam structures and improvements	28,221,320			28,221,320
Infrastructure	306,783,689	2,670,211		309,453,900
Total capital assets being depreciated	406,959,047	13,680,841	1,034,348	419,605,540
Less accumulated depreciation for:				
Buildings and improvements	13,685,803	661,832		14,347,635
Furniture and equipment	5,280,943	932,977	15,134	6,198,786
Vehicles and heavy equipment	14,139,432	1,116,597	927,884	14,328,145
Dam structures and improvements	6,208,690	376,285		6,584,975
Infrastructure	196,245,728	7,740,911		203,986,639
Total accumulated depreciation	235,560,596	10,828,602	943,018	245,446,180
Total capital assets being depreciated, net	171,398,451	2,852,239	91,330	174,159,360
Governmental activities capital assets, net	<u>\$201,914,503</u>	<u>\$15,303,347</u>	<u>\$10,918,355</u>	<u>\$206,299,495</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$921,221			\$921,221
Capital assets being depreciated:				
Buildings	12,854,163	\$26,756		12,880,919
Vehicles and heavy equipment	135,862			135,862
Total capital assets being depreciated	12,990,025	26,756	-	13,016,781
Less accumulated depreciation for:				
Buildings	8,092,047	361,118		8,453,165
Vehicles and heavy equipment	92,611	7,720		100,331
Total accumulated depreciation	8,184,658	368,838	-	8,553,496
Total capital assets being depreciated, net	4,805,367	(342,082)	-	4,463,285
Business-type activities capital assets, net	<u>\$5,726,588</u>	<u>(\$342,082)</u>	<u>\$-</u>	<u>\$5,384,506</u>

Depreciation expense was charged to functions/programs as follows:

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$802,810
Public safety	667,542
Highways and streets	8,106,059
Sanitation	447,093
Health and welfare	135,016
Culture and recreation	290,317
Conservation	379,765
Total depreciation expense - governmental activities	\$10,828,602
Business-type activities:	
Salmon Harbor	\$193,196
Glide/Idleld Sewer	175,642
Total depreciation expense - business-type activities	\$368,838

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2007 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	\$4,532,592	\$1,129,121			\$3,029,025	\$7,931,563
Public Works Fund	181,010	2,359,125				2,699,047
Public Safety Fund	631,799	209,551			5,226,842	
Health & Social Services Fund	756,119	1,103,600			2,114,682	657,491
Nonmajor governmental funds	289,386	509,833	\$2,361,529		2,043,030	1,098,578
	6,390,906	5,311,230	2,361,529	-	12,413,579	12,386,679
<u>Proprietary Funds:</u>						
Salmon Harbor Fund	15,298	98,929		\$2,361,529		
Glide/Idleld Sewer Fund		31,224				26,900
Internal service funds	455,325	1,420,146				
	470,623	1,550,299	-	2,361,529	-	26,900
	\$6,861,529	\$6,861,529	\$2,361,529	\$2,361,529	\$12,413,579	\$12,413,579

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 Receivable/Payable is the result of a loan from the County Forest Management Fund to the Salmon Harbor Fund for capital asset acquisition. The funds are budgeted to be repaid by the end of the 2008 fiscal year.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

Transfers are used to move revenues from the fund with collection authority to the fund authorized to make the expenditure, and to move unrestricted general fund revenues 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, 2007, deferred revenue consisted of the following:

	<u>General</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Other Gov't Funds</u>	<u>Total</u>
Unearned:					
Fees and rents			\$30,000		\$30,000
Grant revenues			65,000		65,000
Payment in lieu of taxes	<u>\$190,405</u>				<u>190,405</u>
	190,405	-	95,000	-	285,405
Unavailable:					
Assessments	717	\$163,712			164,429
Land sales contract				\$465,500	465,500
Property taxes receivable			<u>517,155</u>		<u>517,155</u>
Total deferred revenue	<u>\$191,122</u>	<u>\$163,712</u>	<u>\$612,155</u>	<u>\$465,500</u>	<u>\$1,432,489</u>

F. Long-term Liabilities

Primary Government
Notes Payable

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	Original	<u>Balance June 30</u>	
			<u>Loan</u>	<u>2006</u>	<u>2007</u>
OECD	Jan. 15, 2010	5.00%	\$145,000	\$38,186	\$28,786
OECD	April 3, 2009	5.00%	40,000	8,741	5,968
OECD	July 15, 2009	5.00%	85,000	23,919	18,295
OECD	Dec. 1, 2010	5.00%	105,500	35,820	29,338
OECD	Dec. 1, 2013	5.19%	264,000	138,069	123,708
City of Sutherlin	Oct. 20, 2011	5.00%	84,230	39,110	34,306
City of Reedsport	Dec. 1, 2023	3.0%-4.65%	756,703	649,402	630,967
City of Sutherlin	Dec. 1, 2025	4.45%-5.50%	675,000	582,000	561,000
OECD	Dec. 1, 2025	5.25%-5.6%	<u>152,319</u>	<u>140,348</u>	<u>134,318</u>
			<u>\$2,307,752</u>	<u>\$1,655,595</u>	<u>\$1,566,686</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

Notes Payable to cities in Douglas County and to the Oregon Economic & Community Development Department (OECDD) are to assist smaller government agencies in Douglas County develop infrastructure/public improvements necessary to attract and accommodate new business to the area. Douglas County does not own nor maintain the improvements.

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

Year end June 30	Governmental Activities	
	Principal	Interest
2008	\$91,321	\$82,357
2009	96,853	77,837
2020	98,652	73,038
2011	88,677	68,136
2012	87,268	63,649
2013-2017	406,217	251,646
2018-2022	432,311	143,841
2023-2026	265,387	31,671
	<u>\$1,566,686</u>	<u>\$792,175</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 \$22,410,000 as landfill closure and postclosure care liability at June 30, 2007, represents a portion of the total closure and postclosure cost based on the use of approximately 53 percent of estimated capacity of the Roseburg landfill and 100 percent use of estimated capacity of the Reedsport landfill. This represents an increase of \$5,622,000 from the amount of \$16,788,000, which was recorded as the landfill closure and postclosure liability at June 30, 2006. The estimated remaining life of the Roseburg landfill is approximately 12 years. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,390,000 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 2007. 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.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

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, 2007 are as follows:

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 \$ 1,700,000

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

Year end June 30	Principal	Interest
2008	\$30,000	\$126,375
2009	35,000	123,937
2010	35,000	121,313
2011	40,000	118,500
2,012	45,000	115,312
2013-2017	270,000	520,501
2018-2022	385,000	399,563
2023-2027	560,000	223,874
2028	300,000	11,250
	<u>\$1,700,000</u>	<u>\$1,760,625</u>

Changes in General Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Notes payable	\$1,655,595		\$88,909	\$1,566,686	\$91,321
Compensated absences	2,409,303	\$2,477,970	2,409,303	2,477,970	728,193
Accrued Claims	2,402,000	1,777,644	1,179,644	3,000,000	1,500,000
Landfill closure and postclosure costs	16,788,000	5,622,000		22,410,000	50,000
Total	<u>\$23,254,898</u>	<u>\$9,877,614</u>	<u>\$3,677,856</u>	<u>\$29,454,656</u>	<u>\$2,369,514</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, 2007, \$50,661 of internal service funds compensated absences is

DOUGLAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS, continued
 June 30, 2007

included in governmental activities. Any payments related to landfill closure and postclosure care costs are recorded in the General Fund. The accrued claims liability is an internal service fund obligation.

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. For claims under federal jurisdiction, the first \$1 million per occurrence is self-retained and the balance of liability coverage is purchased through a private insurance carrier. The claims paid during the year under this program were \$788,927. The estimated unpaid loss liability, which includes an estimate for claims that have been incurred but not reported at June 30, 2007, was \$2,000,000.

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, 2007 compiled by the County's claims administrator. The claims paid during the year under this program were \$390,717. Total estimated unpaid loss liability at June 30, 2007; including an estimate for claims that have been incurred but not reported is \$1,000,000.

The County provides a cafeteria-style health insurance program to employees. The County pays for the first \$999 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 2006 and 2007:

Year	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2006-07	\$2,402,000	\$1,777,644	\$1,179,644	\$3,000,000
2005-06	2,402,000	778,297	778,297	2,402,000

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2007

B. Commitments and Contingencies

The County has commitments under various contracts entered into during the normal course of its operations of approximately \$11,037,043 at June 30, 2007. The approximate commitments by fund are as follows:

General Fund	\$504,928
Public Works Fund	8,876,847
Health and Social Services Fund	649,979
Capital Projects Fund	264,208
All other funds	741,081
	<u>\$11,037,043</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 \$15,505,232 at June 30, 2007.

Provisions of Governmental Accounting Standards Board Statement 32 eliminate 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, 2007

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 (age 60 if hired after January 1, 1996). 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

Oregon statutes require covered employees to contribute 6% of their subject salary to the system, but allow 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 effective employer rate at June 30, 2007, for Tier One and Tier Two employees was 19.25% of annual covered payroll. The effective rate for OPSRP employees is 20.52% for General Service Employees and 23.79% for Police and Fire Employees. The contribution requirements of the County are established by state statute and may be amended by the PERS Retirement Board.

Annual Pension Cost

For June 30, 2007, the County's annual pension cost of \$7,479,709 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, 2004 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, 2007

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, 2005	\$5,588,634	100%	\$0
June 30, 2006	7,343,161	100	0
June 30, 2007	7,479,709	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, 2007

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
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%
2005	232,224,490	261,356,377	29,131,887	89%	31,128,407	94%

DOUGLAS COUNTY, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues:				
Charges for services	\$3,885,910	\$4,312,916	\$4,259,982	(\$52,934)
Permits, licenses and fines	740,600	740,600	1,072,110	331,510
Intergovernmental:				
O & C funds	24,867,272	24,867,272	24,719,024	(148,248)
All other	8,123,375	8,123,375	5,098,260	(3,025,115)
Assessments	2,000	2,000	2,115	115
Interest	1,501,140	1,501,140	2,323,934	822,794
Other	238,810	238,810	216,281	(22,529)
Total revenues	<u>39,359,107</u>	<u>39,786,113</u>	<u>37,691,706</u>	<u>(2,094,407)</u>
Expenditures:				
Board of Commissioners	584,848	584,848	575,386	9,462
Justices of the Peace:				
Glendale	168,906	168,906	150,743	18,163
Drain	166,315	166,315	146,020	20,295
Reedsport	156,280	156,280	142,841	13,439
Canyonville	210,174	210,174	204,575	5,599
Juvenile Department	3,098,726	3,098,726	2,781,108	317,618
County Clerk	962,104	962,104	918,007	44,097
Tax Assessment and Collection	2,433,934	2,433,934	2,149,577	284,357
Surveyor	638,480	638,480	594,027	44,453
Planning	1,659,705	1,778,659	1,681,909	96,750
County Counsel	383,348	383,348	345,618	37,730
Financial Services	1,103,108	1,103,108	1,031,633	71,475
Human Resources	546,099	546,099	485,393	60,706
Information Technology	1,238,563	1,238,563	1,215,751	22,812
Building Facilities	2,777,942	2,777,942	2,663,004	114,938
Nondepartmental	5,543,426	5,543,426	2,293,978	3,249,448
Commission on Children and Families	978,987	1,015,240	933,377	81,863
Building Department	1,188,779	1,496,831	1,421,580	75,251
District Attorney	1,942,036	1,942,036	1,739,975	202,061
Solid Waste Operations	3,504,749	3,504,749	3,256,954	247,795
Veterans Services	267,397	267,397	222,620	44,777
Museum	425,166	425,166	374,902	50,264
Parks	2,669,724	2,669,724	2,424,239	245,485
Library	2,853,429	2,853,429	2,592,121	261,308
Contingency account	2,000,000	1,783,744		1,783,744
Total expenditures	<u>37,502,225</u>	<u>37,749,228</u>	<u>30,345,338</u>	<u>7,403,890</u>
Excess of revenues over expenditures	<u>1,856,882</u>	<u>2,036,885</u>	<u>7,346,368</u>	<u>5,309,483</u>
Other financing sources (uses):				
Transfers in	3,036,964	3,036,964	3,029,025	(7,939)
Transfers out	(9,342,660)	(9,558,916)	(7,931,563)	1,627,353
Note receivable collections	9,250	9,250	9,250	
Total other financing sources (uses)	<u>(6,296,446)</u>	<u>(6,512,702)</u>	<u>(4,893,288)</u>	<u>1,619,414</u>
Net change in fund balance	<u>(4,439,564)</u>	<u>(4,475,817)</u>	<u>2,453,080</u>	<u>6,928,897</u>
Fund balance, beginning	<u>41,600,000</u>	<u>41,636,253</u>	<u>45,651,739</u>	<u>4,015,486</u>
Fund balance, ending	<u>\$37,160,436</u>	<u>\$37,160,436</u>	<u>\$48,104,819</u>	<u>\$10,944,383</u>

Actual Expenditures by Function					
General Government	Public Safety	Sanitation	Health and Welfare	Culture and Recreation	Capital Outlay
\$573,549					\$1,837
150,743					
146,020					
140,644					2,197
204,575					
2,768,089					13,019
910,698					7,309
2,136,978					12,599
586,506					7,521
1,665,805					16,104
320,870					24,748
1,028,831					2,802
479,044					6,349
1,155,853					59,898
2,305,354			\$131,327		226,323
2,293,978					
	\$933,377				
	1,400,382				21,198
	1,725,234				14,741
		\$2,825,943			431,011
			214,553		8,067
				\$364,036	10,866
				1,707,647	716,592
				2,565,722	26,399
<u>\$16,867,537</u>	<u>\$4,058,993</u>	<u>\$2,825,943</u>	<u>\$345,880</u>	<u>\$4,637,405</u>	<u>\$1,609,580</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, 2007

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual Expenditures by Function	
	Original	Final			Highways and Streets	Capital Outlay
Revenues:						
Charges for services	\$78,500	\$78,500	\$85,835	\$7,335		
Permits, licenses and fines	93,300	93,300	75,743	(17,557)		
Intergovernmental:						
Federal forest receipts	14,518,294	14,518,294	14,446,775	(71,519)		
State motor vehicle fees	5,650,000	5,650,000	5,809,765	159,765		
Other	527,155	527,155	1,640,827	1,113,672		
Assessments			145,959	145,959		
Interest	2,420,000	2,420,000	3,810,880	1,390,880		
Other	51,600	51,600	156,492	104,892		
Total revenues	<u>23,338,849</u>	<u>23,338,849</u>	<u>26,172,276</u>	<u>2,833,427</u>		
Expenditures:						
Administration	526,179	526,179	481,911	44,268	\$474,079	\$7,832
Engineering	26,015,562	25,671,562	18,739,745	6,931,817	2,773,456	15,966,289
Road Operations and Maintenance	13,052,526	13,052,526	12,679,995	372,531	12,324,869	355,126
Weighmaster	853,762	853,762	735,760	118,002	735,760	
Contingency account	3,000,000	3,000,000		3,000,000		
Total expenditures	<u>43,448,029</u>	<u>43,104,029</u>	<u>32,637,411</u>	<u>10,466,618</u>	<u>\$16,308,164</u>	<u>\$16,329,247</u>
Excess (deficiency) of revenues over expenditures	<u>(20,109,180)</u>	<u>(19,765,180)</u>	<u>(6,465,135)</u>	<u>13,300,045</u>		
Other financing sources (uses):						
Transfer out	(3,013,280)	(3,013,280)	(2,699,047)	314,233		
Additions to notes receivable		(344,000)		344,000		
Total other financing sources (uses)	<u>(3,013,280)</u>	<u>(3,357,280)</u>	<u>(2,699,047)</u>	<u>658,233</u>		
Net change in fund balance	<u>(23,122,460)</u>	<u>(23,122,460)</u>	<u>(9,164,182)</u>	<u>13,958,278</u>		
Fund balance, beginning	<u>81,000,000</u>	<u>81,000,000</u>	<u>91,783,099</u>	<u>10,783,099</u>		
Fund balance, ending	<u>\$57,877,540</u>	<u>\$57,877,540</u>	<u>\$82,618,917</u>	<u>\$24,741,377</u>		

DOUGLAS COUNTY, OREGON
PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2007

	<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	\$1,415,010	\$1,415,010	\$1,675,696	\$260,686		
Permits, licenses and fines	204,450	204,450	238,982	34,532		
Intergovernmental	3,813,855	4,147,222	3,559,405	(587,817)		
Property taxes	6,650,000	6,650,000	6,979,666	329,666		
Interest	36,300	36,300	90,755	54,455		
Other	234,313	249,313	201,683	(47,630)		
	<u>12,353,928</u>	<u>12,702,295</u>	<u>12,746,187</u>	<u>43,892</u>		
Total revenues						
Expenditures:						
Sheriff Enforcement	8,953,262	9,249,898	8,770,254	479,644	\$8,586,186	\$184,068
Sheriff Corrections	5,722,558	5,744,289	5,417,499	326,790	5,350,451	67,048
Parole and Probation	1,170,494	1,170,494	1,128,557	41,937	1,128,557	
Douglas Interagency Narcotics Team	595,457	625,457	611,147	14,310	606,132	5,015
Communications and Electronics	2,126,754	2,126,754	2,093,027	33,727	2,091,232	1,795
	<u>18,568,525</u>	<u>18,916,892</u>	<u>18,020,484</u>	<u>896,408</u>	<u>\$17,762,558</u>	<u>\$257,926</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	(6,214,597)	(6,214,597)	(5,274,297)	940,300		
Other financing sources:						
Transfers in	5,974,033	5,974,033	5,226,842	(747,191)		
	<u>240,564</u>	<u>240,564</u>	<u>(47,455)</u>	<u>193,109</u>		
Net change in fund balance						
Fund balance, beginning	240,564	240,564	1,553,288	1,312,724		
Fund balance, ending			<u>\$1,505,833</u>	<u>\$1,505,833</u>		

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, 2007

	Budget Amounts			Variance with Final Budget Positive (Negative)	Actual Expenditures by Function	
	Original	Final	Actual		Health and Welfare	Capital Outlay
Revenues:						
Charges for services	\$961,180	\$1,081,000	\$963,619	(\$117,381)		
Permits, licenses and fines	179,600	179,600	193,245	13,645		
Intergovernmental	18,804,927	18,919,375	17,876,107	(1,043,268)		
Interest	66,693	66,693	69,670	2,977		
Other	148,608	166,494	249,698	83,204		
Total revenues	<u>20,161,008</u>	<u>20,413,162</u>	<u>19,352,339</u>	<u>(1,060,823)</u>		
Expenditures:						
Administration	1,746,522	1,746,522	1,688,219	58,303	\$1,686,556	\$1,663
Senior and Disabilities Services	10,934,436	11,276,146	10,836,632	439,514	10,800,170	36,462
Community Health	4,174,706	4,239,406	4,024,913	214,493	4,010,554	14,359
Mental Health	6,104,006	6,104,006	5,727,772	376,234	5,708,595	19,177
Environmental Health	356,154	356,154	331,127	25,027	331,127	
Total expenditures	<u>23,315,824</u>	<u>23,722,234</u>	<u>22,608,663</u>	<u>1,113,571</u>	<u>\$22,537,002</u>	<u>\$71,661</u>
Excess (deficiency) of revenues over expenditures	<u>(3,154,816)</u>	<u>(3,309,072)</u>	<u>(3,256,324)</u>	<u>52,748</u>		
Other financing sources (uses):						
Transfers in	1,960,426	2,114,682	2,114,682			
Transfers out	<u>(657,491)</u>	<u>(657,491)</u>	<u>(657,491)</u>			
Total other financing sources (uses)	<u>1,302,935</u>	<u>1,457,191</u>	<u>1,457,191</u>	<u>-</u>		
Net change in fund balance	<u>(1,851,881)</u>	<u>(1,851,881)</u>	<u>(1,799,133)</u>	<u>52,748</u>		
Fund balance, beginning	<u>2,648,718</u>	<u>2,648,718</u>	<u>3,027,144</u>	<u>378,426</u>		
Fund balance, ending	<u>\$796,837</u>	<u>\$796,837</u>	<u>\$1,228,011</u>	<u>\$431,174</u>		

DOUGLAS COUNTY, OREGON
NOTES TO BUDGET AND ACTUAL SCHEDULES
MAJOR GOVERNMENTAL FUNDS
June 30, 2007

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	\$2,453,080	(\$9,164,182)
The change in fair value of investments is not recorded on a budgetary basis since investments are held to maturity	651,135	1,322,002
Net change in fund balances - GAAP basis	\$3,104,215	(\$7,842,180)

A reconciliation of the June 30, 2007 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, 2006	\$48,104,819	\$82,618,917
Refundable deposit treated as expenditure on budgetary basis	759,461	
Inventories treated as expenditures on budgetary basis		1,805,891
Investments adjusted to fair value	177,107	359,582
Fund balances, GAAP basis, June 30, 2007	\$49,041,387	\$84,784,390

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 Chapter 609. 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, 2007

	Special Revenue Funds				
	Dog Control	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board
ASSETS					
Cash and investments	\$55,811	\$60,520	\$20,084	\$4,758,623	\$296,357
Receivables		9,657	1,484	559,299	420
Due from other funds	4,513			7,724	71,674
Deposits and prepaid items		110			4,302
Interfund loan receivable				2,361,529	
Total assets	<u>\$60,324</u>	<u>\$70,287</u>	<u>\$21,568</u>	<u>\$7,687,175</u>	<u>\$372,753</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$1,738
Accrued payroll, withholdings and benefits	\$7,867			\$14,039	31,981
Due to other funds	9,360	\$14,183	\$21,495	47,965	35,235
Deferred revenues					
Total liabilities	<u>17,227</u>	<u>14,183</u>	<u>21,495</u>	<u>62,004</u>	<u>68,954</u>
Fund Balances:					
Reserved for:					
Interfund loans receivable				2,361,529	
Notes receivable				557,452	
Deposits and prepaid items		110			4,302
Unreserved, reported in:					
Special Revenue Funds	43,097	55,994	73	4,706,190	299,497
Capital Project Funds					
Total fund balances	<u>43,097</u>	<u>56,104</u>	<u>73</u>	<u>7,625,171</u>	<u>303,799</u>
Total liabilities and fund balances	<u>\$60,324</u>	<u>\$70,287</u>	<u>\$21,568</u>	<u>\$7,687,175</u>	<u>\$372,753</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
\$1,627,069	\$219	\$12,007	\$1,651,630	\$1,359,308	\$2,237,577	\$4,846,411	\$16,925,616
2,589,472	8,634		76,190	22,703		12,000	3,279,859
			6,422			199,053	289,386
1,242							5,654
							2,361,529
<u>\$4,217,783</u>	<u>\$8,853</u>	<u>\$12,007</u>	<u>\$1,734,242</u>	<u>\$1,382,011</u>	<u>\$2,237,577</u>	<u>\$5,057,464</u>	<u>\$22,862,044</u>
				\$60,051		\$38,828	\$100,617
			\$10,680				64,567
\$7,840			193,110	48,702	\$2,711	129,232	509,833
465,500							465,500
<u>473,340</u>	<u>-</u>	<u>-</u>	<u>203,790</u>	<u>108,753</u>	<u>2,711</u>	<u>168,060</u>	<u>1,140,517</u>
							2,361,529
1,976,837							2,534,289
1,242							5,654
1,766,364	\$8,853	\$12,007	1,530,452	1,273,258	2,234,866		11,930,651
						4,889,404	4,889,404
<u>3,744,443</u>	<u>8,853</u>	<u>12,007</u>	<u>1,530,452</u>	<u>1,273,258</u>	<u>2,234,866</u>	<u>4,889,404</u>	<u>21,721,527</u>
<u>\$4,217,783</u>	<u>\$8,853</u>	<u>\$12,007</u>	<u>\$1,734,242</u>	<u>\$1,382,011</u>	<u>\$2,237,577</u>	<u>\$5,057,464</u>	<u>\$22,862,044</u>

DOUGLAS COUNTY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Revenue Funds				
	Dog Control	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board
Revenues:					
Charges for services	\$36,009	\$1,363		\$690	\$1,312,462
Permits, licenses and fines	100,339	117,005	\$35,839		
Intergovernmental	1,029				46,456
Interest	605	2,227	390	242,998	9,160
Other	157			1,191,594	650,351
Total revenues	138,139	120,595	36,229	1,435,282	2,018,429
Expenditures:					
Current:					
General Government	662,196	84,000		1,016,731	
Health and Welfare					
Culture and Recreation					2,092,662
Conservation					
Education					
Capital outlay					12,751
Debt service:					
Principal					
Interest					
Total expenditures	662,196	84,000	-	1,016,731	2,105,413
Excess (deficiency) of revenues over expenditures	(524,057)	36,595	36,229	418,551	(86,984)
Other financing sources (uses):					
Transfers in	521,472			60,000	220,953
Transfers out		(33,000)	(39,061)	(143,800)	
Total other financing sources (uses)	521,472	(33,000)	(39,061)	(83,800)	220,953
Net change in fund balances	(2,585)	3,595	(2,832)	334,751	133,969
Fund balances, beginning	45,682	52,509	2,905	7,290,420	169,830
Fund balances, ending	\$43,097	\$56,104	\$73	\$7,625,171	\$303,799

Special Revenue Funds							Total
Industrial Development	Salmon Habitat Improvement	County Schools	Water Development	Drug Abuse Prevention	Title III	Capital Projects Fund	Nonmajor Governmental Funds
			\$773,388				\$2,123,912
\$522,957	\$8,634	\$5,002,738	95,497	\$290,969	\$7,767,235	\$12,000	253,183
121,875	366	29,374	69,528	61,819	76,146	226,272	13,747,515
33,417		1,035	9,435			16,421	840,760
678,249	9,000	5,033,147	947,848	352,788	7,843,381	254,693	1,902,410
106,087	8,634				6,218,637	140,294	8,236,579
				268,428			268,428
			998,348				2,092,662
		5,228,454					998,348
			18,412		209,433	1,300,674	5,228,454
88,909							1,541,270
86,755							88,909
281,751	8,634	5,228,454	1,016,760	268,428	6,428,070	1,440,968	86,755
396,498	366	(195,307)	(68,912)	84,360	1,415,311	(1,186,275)	18,541,405
		150,000				1,090,605	326,375
			(57,800)	(194,809)	(630,108)		2,043,030
-	-	150,000	(57,800)	(194,809)	(630,108)	1,090,605	(1,098,578)
396,498	366	(45,307)	(126,712)	(110,449)	785,203	(95,670)	944,452
3,347,945	8,487	57,314	1,657,164	1,383,707	1,449,663	4,985,074	1,270,827
\$3,744,443	\$8,853	\$12,007	\$1,530,452	\$1,273,258	\$2,234,866	\$4,889,404	20,450,700
							\$21,721,527

DOUGLAS COUNTY, OREGON
DOG CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Charges for services	\$20,000	\$35,000	\$36,009	\$1,009
Permits, licenses and fines	100,000	100,000	100,339	339
Intergovernmental			1,029	1,029
Interest	1,000	1,000	605	(395)
Other	400	400	157	(243)
	<u>121,400</u>	<u>136,400</u>	<u>138,139</u>	<u>1,739</u>
Total revenues				
Expenditures:				
General Government:				
Dog Control Operations	401,372	459,372	451,524	7,848
Predatory Animal Control	159,500	163,500	162,665	835
Animal Shelter	42,200	57,200	48,007	9,193
	<u>603,072</u>	<u>680,072</u>	<u>662,196</u>	<u>17,876</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(481,672)	(543,672)	(524,057)	19,615
Other financing sources:				
Transfers in	459,472	521,472	521,472	
	<u>(22,200)</u>	<u>(22,200)</u>	<u>(2,585)</u>	19,615
Net change in fund balance				
Fund balance, beginning	22,200	22,200	45,682	23,482
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$43,097</u>	<u>\$43,097</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$1,110	\$1,110	\$1,363	\$253
Permits, licenses and fines	109,000	109,000	117,005	8,005
Interest	1,250	1,250	2,227	977
Total revenues	111,360	111,360	120,595	9,235
Expenditures:				
General Government:				
Materials and services	97,776	97,776	84,000	13,776
Total expenditures	97,776	97,776	84,000	13,776
Excess of revenues over expenditures	13,584	13,584	36,595	23,011
Other financing sources (uses):				
Transfers out	(33,000)	(33,000)	(33,000)	
Net change in fund balance	(19,416)	(19,416)	3,595	23,011
Fund balance, beginning	52,000	52,000	52,509	509
Fund balance, ending	\$32,584	\$32,584	\$56,104	\$23,520

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits, licenses and fines	\$46,500	\$46,500	\$35,839	(\$10,661)
Interest	500	500	390	(110)
Total revenues	<u>47,000</u>	<u>47,000</u>	<u>36,229</u>	<u>(10,771)</u>
Other financing sources (uses):				
Transfers out	<u>(47,000)</u>	<u>(47,000)</u>	<u>(39,061)</u>	<u>7,939</u>
Net change in fund balance			(2,832)	(2,832)
Fund balance, beginning			<u>2,905</u>	<u>2,905</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$73</u>	<u>\$73</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, 2007

	<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	\$500	\$500	\$690	\$190
Interest	113,600	113,600	242,998	129,398
Other:				
County timber sales	737,000	737,000	1,144,740	407,740
Other miscellaneous	10,500	10,500	46,854	36,354
Total revenues	861,600	861,600	1,435,282	573,682
Expenditures:				
General Government:				
Personal services	453,819	462,719	462,138	581
Materials and services	672,225	663,325	554,593	108,732
Capital outlay	1,000,000	1,000,000		1,000,000
Contingency account	10,000	10,000		10,000
Total expenditures	2,136,044	2,136,044	1,016,731	1,119,313
Excess (deficiency) of revenues over expenditures	<u>(1,274,444)</u>	<u>(1,274,444)</u>	<u>418,551</u>	<u>1,692,995</u>
Other financing sources (uses):				
Transfers in	60,000	60,000	60,000	
Transfers out	(143,800)	(143,800)	(143,800)	
Notes receivable collections	900	900	40,198	39,298
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	(428,800)	(428,800)	(63,160)	365,640
Total other financing sources (uses)	(511,700)	(511,700)	(106,762)	404,938
Net change in fund balance	(1,786,144)	(1,786,144)	311,789	2,097,933
Fund balance, beginning	<u>3,500,000</u>	<u>3,500,000</u>	<u>4,394,402</u>	<u>894,402</u>
Fund balance, ending	<u>\$1,713,856</u>	<u>\$1,713,856</u>	<u>\$4,706,191</u>	<u>\$2,992,335</u>
Total from above:				
Net change in fund balance			\$311,789	
Notes receivable collections			(40,198)	
Repayment of interfund loan			(2,361,529)	
Interfund loan			2,361,529	
Additions to notes receivable			<u>63,160</u>	
Net change in fund balance in Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$334,751</u>	

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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$1,274,358	\$1,274,358	\$1,312,462	\$38,104
Intergovernmental	46,450	46,450	46,456	6
Interest	1,800	1,800	9,160	7,360
Other	633,190	633,190	650,351	17,161
Total revenues	<u>1,955,798</u>	<u>1,955,798</u>	<u>2,018,429</u>	<u>62,631</u>
Expenditures:				
Culture and Recreation:				
Personal services	935,018	935,018	935,598	(580)
Materials and services	1,269,833	1,268,981	1,157,064	111,917
Capital Outlay	11,900	12,752	12,751	1
Total expenditures	<u>2,216,751</u>	<u>2,216,751</u>	<u>2,105,413</u>	<u>111,338</u>
Excess (deficiency) of revenues over expenditures	(260,953)	(260,953)	(86,984)	173,969
Other financing sources:				
Transfers in	<u>220,953</u>	<u>220,953</u>	<u>220,953</u>	
Net change in fund balance	(40,000)	(40,000)	133,969	173,969
Fund balance, beginning	<u>40,000</u>	<u>40,000</u>	<u>169,830</u>	<u>129,830</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$303,799</u>	<u>\$303,799</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$474,000	\$474,000	\$522,957	\$48,957
Interest	66,000	66,000	121,875	55,875
Other	31,000	31,000	33,417	2,417
Total revenues	<u>571,000</u>	<u>571,000</u>	<u>678,249</u>	<u>107,249</u>
Expenditures:				
General Government:				
Materials and services	743,000	743,000	106,087	636,913
Debt service:				
Principal	88,000	88,000	88,909	(909)
Interest	92,000	92,000	86,755	5,245
Total expenditures	<u>923,000</u>	<u>923,000</u>	<u>281,751</u>	<u>641,249</u>
Excess (deficiency) of revenues over expenditures	<u>(352,000)</u>	<u>(352,000)</u>	<u>396,498</u>	<u>748,498</u>
Other financing sources (uses):				
Notes receivable collections	42,000	42,000	12,300	(29,700)
Additions to notes receivable	(1,490,000)	(1,490,000)	(799,776)	690,224
Total other financing sources (uses)	<u>(1,448,000)</u>	<u>(1,448,000)</u>	<u>(787,476)</u>	<u>660,524</u>
Net change in fund balance	(1,800,000)	(1,800,000)	(390,978)	1,409,022
Fund balance, beginning	1,800,000	1,800,000	2,158,585	358,585
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,767,607</u>	<u>\$1,767,607</u>
Total from above:				
Net change in fund balance			(\$390,978)	
Additions to notes receivable			799,776	
Notes receivable collections			<u>(12,300)</u>	
Net change in fund balance as reported in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$396,498</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$37,000	\$37,000	\$8,634	(\$28,366)
Interest	150	150	366	216
Total revenues	<u>37,150</u>	<u>37,150</u>	<u>9,000</u>	<u>(28,150)</u>
Expenditures:				
General Government:				
Materials and services	<u>45,150</u>	<u>45,150</u>	<u>8,634</u>	<u>36,516</u>
Net change in fund balance	(8,000)	(8,000)	366	8,366
Fund balance, beginning	<u>8,000</u>	<u>8,000</u>	<u>8,487</u>	<u>487</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,853</u>	<u>\$8,853</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, 2007

	<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	\$4,839,432	\$4,839,432	\$4,815,592	(\$23,840)
Other	310,000	310,000	187,146	(122,854)
Interest	40,000	40,000	29,374	(10,626)
Other	5,000	5,000	1,035	(3,965)
Total revenues	<u>5,194,432</u>	<u>5,194,432</u>	<u>5,033,147</u>	<u>(161,285)</u>
Expenditures:				
Education:				
Materials and services	<u>5,344,432</u>	<u>5,344,432</u>	<u>5,228,454</u>	<u>115,978</u>
Excess (deficiency) of revenues over expenditures	(150,000)	(150,000)	(195,307)	(45,307)
Other financing sources:				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	
Net change in fund balance			(45,307)	(45,307)
Fund balance, beginning			<u>57,314</u>	<u>57,314</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$12,007</u>	<u>\$12,007</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual Expenditures by function	
	Original	Final			Conservation	Capital Outlay
Revenues:						
Charges for services	\$750,000	\$750,000	\$773,388	\$23,388		
Intergovernmental	76,250	76,250	95,497	19,247		
Interest	40,000	40,000	69,528	29,528		
Other			9,435	9,435		
Total revenues	866,250	866,250	947,848	81,598		
Expenditures:						
Galesville operations	1,363,175	1,363,175	950,952	412,223	\$932,540	\$18,412
Watermaster	68,112	68,112	65,808	2,304	65,808	
Contingency account	100,000	100,000		100,000		
Total expenditures	1,531,287	1,531,287	1,016,760	514,527	\$998,348	\$18,412
Excess (deficiency) of revenues over expenditures	(665,037)	(665,037)	(68,912)	596,125		
Other financing sources (uses):						
Transfers out	(57,800)	(57,800)	(57,800)			
Net change in fund balance	(722,837)	(722,837)	(126,712)	596,125		
Fund balance, beginning	1,400,000	1,400,000	1,657,164	257,164		
Fund balance, ending	\$677,163	\$677,163	\$1,530,452	\$853,289		

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$250,000	\$250,000	\$290,969	\$40,969
Interest	45,000	45,000	61,819	16,819
Total revenues	<u>295,000</u>	<u>295,000</u>	<u>352,788</u>	<u>57,788</u>
Expenditures:				
Health and Welfare:				
Materials and services	443,000	443,000	268,428	174,572
Total expenditures	<u>443,000</u>	<u>443,000</u>	<u>268,428</u>	<u>174,572</u>
Excess (deficiency) of revenues over expenditures	(148,000)	(148,000)	84,360	232,360
Other financing sources (uses):				
Transfers out	(194,809)	(194,809)	(194,809)	
Net change in fund balance	(342,809)	(342,809)	(110,449)	232,360
Fund balance, beginning	1,300,000	1,300,000	1,383,707	83,707
Fund balance, ending	<u>\$957,191</u>	<u>\$957,191</u>	<u>\$1,273,258</u>	<u>\$316,067</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$7,811,215	\$7,811,215	\$7,767,235	(\$43,980)
Interest	60,000	60,000	76,146	16,146
Total revenues	<u>7,871,215</u>	<u>7,871,215</u>	<u>7,843,381</u>	<u>(27,834)</u>
Expenditures:				
General Government:				
Materials and Services	8,041,107	7,931,107	6,218,637	1,712,470
Capital Outlay	100,000	210,000	209,433	567
Total expenditures	<u>8,141,107</u>	<u>8,141,107</u>	<u>6,428,070</u>	<u>1,713,037</u>
Excess (deficiency) of revenues over expenditures	(269,892)	(269,892)	1,415,311	1,685,203
Other financing sources (uses):				
Transfers out	(630,108)	(630,108)	(630,108)	
Net change in fund balance	(900,000)	(900,000)	785,203	1,685,203
Fund balance, beginning	900,000	900,000	1,449,663	549,663
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,234,866</u>	<u>\$2,234,866</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$12,000	\$12,000	\$12,000	
Interest	118,000	118,000	226,272	\$108,272
Other			16,421	16,421
	<u>130,000</u>	<u>130,000</u>	<u>254,693</u>	<u>124,693</u>
Total revenues				
Expenditures:				
General Government:				
Personal services	20,000	20,000	10,117	9,883
Material and services	200,000	200,000	130,177	69,823
Capital Outlay	3,065,000	3,065,000	1,300,674	1,764,326
	<u>3,285,000</u>	<u>3,285,000</u>	<u>1,440,968</u>	<u>1,844,032</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(3,155,000)	(3,155,000)	(1,186,275)	1,968,725
Other financing sources:				
Transfers in	2,285,000	2,285,000	1,090,605	(1,194,395)
	<u>2,285,000</u>	<u>2,285,000</u>	<u>1,090,605</u>	<u>(1,194,395)</u>
Net change in fund balance	(870,000.00)	(870,000.00)	(95,670)	774,330
Fund balance, beginning	4,870,000	4,870,000	4,985,074	115,074
Fund balance, ending	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$4,889,404</u>	<u>\$889,404</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-Idleyld 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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$1,210,500	\$1,210,500	\$1,210,609	\$109
Intergovernmental	445,610	445,610	302,337	(143,273)
Interest	20,000	20,000	38,147	18,147
Other	332,244	332,244	329,346	(2,898)
Total revenues	<u>2,008,354</u>	<u>2,008,354</u>	<u>1,880,439</u>	<u>(127,915)</u>
Expenditures:				
Personal services	750,266	750,266	712,575	37,691
Materials and services	1,112,527	1,112,527	972,474	140,053
Capital outlay	714,975	714,975	78,478	636,497
Total expenditures	<u>2,577,768</u>	<u>2,577,768</u>	<u>1,763,527</u>	<u>814,241</u>
Excess (deficiency) of revenues over expenditures	<u>(569,414)</u>	<u>(569,414)</u>	<u>116,912</u>	<u>686,326</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	(569,414)	(569,414)	116,912	686,326
Total fund balance-beginning	<u>569,414</u>	<u>569,414</u>	<u>714,519</u>	<u>145,105</u>
Total fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$831,431</u>	<u>\$831,431</u>
Total from above:				
Net change in fund balance			\$116,912	
Add (Deduct):				
Capitalized expenditures			26,755	
Repayment of interfund loan			2,361,529	
Change in inventories			(16,115)	
Depreciation			(193,196)	
Interfund loan proceeds			<u>(2,361,529)</u>	
Change in net assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>(\$65,644)</u>	

DOUGLAS COUNTY, OREGON
GLIDE-IDLELYD SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2007

	<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	\$368,070	\$368,070	\$368,559	\$489
Interest	12,000	12,000	20,756	8,756
 Total revenues	 380,070	 380,070	 389,315	 9,245
Expenditures:				
Materials and services	404,500	404,500	357,428	47,072
Capital outlay	10,000	10,000	6,322	3,678
 Total expenditures	 414,500	 414,500	 363,750	 50,750
 Excess (deficiency) of revenues over expenditures	 (34,430)	 (34,430)	 25,565	 59,995
Other financing sources (uses):				
Transfers out	(26,900)	(26,900)	(26,900)	
 Net change in fund balance	 (61,330)	 (61,330)	 (1,335)	 59,995
Fund balance-beginning	380,000	380,000	445,054	65,054
Fund balance-ending	<u>\$318,670</u>	<u>\$318,670</u>	<u>\$443,719</u>	<u>\$125,049</u>
 Total from above:				
Net change in fund balance			(\$1,335)	
Less: Depreciation			<u>(175,642)</u>	
Change in net assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>(\$176,977)</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, 2007

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
ASSETS			
Current assets:			
Cash and investments	\$6,789,575	\$1,182,415	\$7,971,990
Receivables	4,937	4,409	9,346
Due from other funds	17,758	437,567	455,325
Inventories		364,035	364,035
Deposits and prepaid expenses	2,500		2,500
	6,814,770	1,988,426	8,803,196
Total current assets			
Capital assets:			
Furniture and equipment		166,870	166,870
Vehicles and heavy equipment		3,886,639	3,886,639
Less accumulated depreciation		(2,917,139)	(2,917,139)
	-	1,136,370	1,136,370
Total capital assets (net of accumulated depreciation)			
	6,814,770	3,124,796	9,939,566
Total assets			
LIABILITIES			
Current liabilities:			
Accounts payable	2,804		2,804
Accrued payroll, withholdings and benefits	567,485	38,470	605,955
Accrued compensated absences	1,320	49,341	50,661
Accrued claims liability	3,000,000		3,000,000
Due to other funds	1,258,060	162,086	1,420,146
	4,829,669	249,897	5,079,566
Total current liabilities			
NET ASSETS			
Invested in capital assets		1,136,370	1,136,370
Unrestricted	1,985,101	1,738,529	3,723,630
	\$1,985,101	\$2,874,899	\$4,860,000
Total net assets			

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2007

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
Operating revenues:			
Interdepartmental charges	\$11,371,516	\$3,898,950	\$15,270,466
Other	883,779	27,081	910,860
Total operating revenues	12,255,295	3,926,031	16,181,326
Operating expenses:			
Salaries and wages	125,375	605,832	731,207
Payroll taxes and benefits		367,745	367,745
Premiums and operating expenses	12,423,103		12,423,103
Operating supplies and expenses		2,535,940	2,535,940
Utilities		62,623	62,623
Depreciation		382,546	382,546
Total operating expenses	12,548,478	3,954,686	16,503,164
Operating income (loss)	(293,183)	(28,655)	(321,838)
Nonoperating revenues and expenses:			
Interest income	204,575	51,664	256,239
Gain (loss) on sale of capital assets		53,847	53,847
Total nonoperating revenues and expenses	204,575	105,511	310,086
Change in net assets	(88,608)	76,856	(11,752)
Total net assets - beginning	2,073,709	2,798,043	4,871,752
Total net assets - ending	\$1,985,101	\$2,874,899	\$4,860,000

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2007

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
Cash flow from operating activities:			
Receipts from customers	\$12,281,155	\$3,898,724	\$16,179,879
Payments to suppliers and contractors	(10,667,108)	(2,543,591)	(13,210,699)
Payments to employees	129,563	(976,869)	(847,306)
Other operating receipts		27,081	27,081
Net cash provided by (used in) operating activities	<u>1,743,610</u>	<u>405,345</u>	<u>2,148,955</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets		73,113	73,113
Acquisition of capital assets		(551,305)	(551,305)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(478,192)</u>	<u>(478,192)</u>
Cash flows from investing activities:			
Interest received	<u>204,575</u>	<u>51,664</u>	<u>256,239</u>
Net increase (decrease) in cash and cash equivalents	1,948,185	(21,183)	1,927,002
Cash and cash equivalents, beginning	<u>4,841,390</u>	<u>1,203,598</u>	<u>6,044,988</u>
Cash and cash equivalents, ending	<u>\$6,789,575</u>	<u>\$1,182,415</u>	<u>\$7,971,990</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(\$293,183)	(\$28,655)	(\$321,838)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation		382,546	382,546
(Increase) decrease in:			
Accounts receivable	34,769	11,534	46,303
Prepaid expenses and deposits	6,188		6,188
Inventories		(10,815)	(10,815)
Interfund receivables	(8,909)	(11,760)	(20,669)
Increase (decrease) in:			
Accounts payable	(3,264)		(3,264)
Accrued payroll, withholdings and benefits	255,808	1,960	257,768
Accrued compensated absences	(870)	(5,252)	(6,122)
Claims and judgements payable	598,000		598,000
Interfund payables	1,155,071	65,787	1,220,858
Total adjustments	<u>2,036,793</u>	<u>434,000</u>	<u>2,470,793</u>
Net cash provided by (used in) operating activities	<u>\$1,743,610</u>	<u>\$405,345</u>	<u>\$2,148,955</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interdepartmental charges	\$12,845,615	\$12,845,615	\$11,371,516	(\$1,474,099)
Interest	35,000	35,000	204,575	169,575
Other	700,000	700,000	883,779	183,779
Total revenues	<u>13,580,615</u>	<u>13,580,615</u>	<u>12,459,870</u>	<u>(1,120,745)</u>
Expenditures:				
Personal services	58,574	126,574	125,375	1,199
Materials and services	13,691,000	13,623,000	12,423,103	1,199,897
Total expenditures	<u>13,749,574</u>	<u>13,749,574</u>	<u>12,548,478</u>	<u>1,201,096</u>
Net change in fund balance	<u>(168,959)</u>	<u>(168,959)</u>	<u>(88,608)</u>	<u>80,351</u>
Fund balance, beginning	<u>1,036,000</u>	<u>1,036,000</u>	<u>2,073,709</u>	<u>1,037,709</u>
Fund balance, ending	<u><u>\$867,041</u></u>	<u><u>\$867,041</u></u>	<u><u>\$1,985,101</u></u>	<u><u>\$1,118,060</u></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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interdepartmental charges	\$3,637,000	\$3,637,000	\$3,898,950	\$261,950
Interest	40,000	40,000	51,664	11,664
Other	196,500	196,500	100,194	(96,306)
Total revenues	<u>3,873,500</u>	<u>3,873,500</u>	<u>4,050,808</u>	<u>177,308</u>
Expenditures:				
Personal services	1,065,929	1,065,929	973,577	92,352
Materials and services	2,603,560	2,603,560	2,603,170	390
Capital outlay	639,190	639,190	557,511	81,679
Contingency account	600,000	600,000		600,000
Total expenditures	<u>4,908,679</u>	<u>4,908,679</u>	<u>4,134,258</u>	<u>774,421</u>
Net change in fund balance	(1,035,179)	(1,035,179)	(83,450)	951,729
Fund balance, beginning	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,457,944</u>	<u>57,944</u>
Fund balance, ending	<u>\$364,821</u>	<u>\$364,821</u>	<u>\$1,374,494</u>	<u>\$1,009,673</u>
Total from above:				
Net change in fund balance			(\$83,450)	
Add: Capitalized expenditures			551,305	
Less: Depreciation			(382,546)	
Capital asset disposals			(19,268)	
Change in inventories			<u>10,815</u>	
Change in net assets as reported in the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>\$76,856</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, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets:				
Equity in pooled cash and investments	\$1,532,215	\$75,200,830	\$75,183,117	\$1,549,928
Property taxes receivable	5,384,755	65,232,550	65,400,136	5,217,169
Accrued interest receivable	101,636	789,998	833,627	58,007
 Total assets	 \$7,018,606	 \$141,223,378	 \$141,416,880	 \$6,825,104
 Liabilities:				
Due to other governmental units	\$7,018,606	\$141,223,378	\$141,416,880	\$6,825,104

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, 2007

Governmental funds capital assets:	
Land	\$12,248,938
Buildings and improvements	42,722,617
Furniture and equipment	16,784,298
Vehicles and heavy equipment	18,369,896
Dam structures and improvements	28,221,320
Infrastructure	309,453,900
Construction in progress	<u>19,891,197</u>
Total governmental funds capital assets	<u><u>\$447,692,166</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$43,001,131
Special revenue funds	372,977,511
Capital projects funds	29,011,091
Donations	<u>2,702,433</u>
Total governmental funds capital assets	<u><u>\$447,692,166</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

DOUGLAS COUNTY, OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2007

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				\$26,780				\$26,780
County Assessor				252,190				252,190
County Clerk - Elections/Recording				405,339				405,339
County Counsel				6,108				6,108
Facilities			\$15,695	143,723				159,418
Finance and Taxation				480,658				480,658
Forest Management	\$1,915,242			21,961				1,937,203
Industrial Development	852,229							852,229
Information Technology				559,730				559,730
Juvenile			4,927,334	77,562	\$22,529			5,027,425
Law Library				16,982				16,982
Planning				65,476				65,476
Surveying				189,394				189,394
Other - Unclassified	723,757		13,899,901	709,152		\$894,178		16,226,988
Total general government	3,491,228	-	18,842,930	2,955,055	22,529	894,178	-	26,205,920
Public Safety:								
Communications				798,168				798,168
Building Inspection				293,988	61,326			355,314
Drug Abuse Prevention				108,099	44,700			152,799
Sheriff			2,162,220	8,893,472	82,952			11,138,644
District Attorney				152,448				152,448
Work Crew				45,933	57,858			103,791
Total public safety	-	-	2,162,220	10,292,108	246,836	-	-	12,701,164
Highways and Streets	649,300		2,857,601	1,649,233	13,697,182	297,904,365	15,276,990	332,034,671
Sanitation	1,299,430			340,346	3,960,046	10,655,357		16,255,179
Health and Welfare	467,544		3,893,883	675,156	116,059			5,152,642
Culture and Recreation:								
Parks	1,003,627		2,586,423	15,865	297,240			3,903,155
Library	259,725		3,605,431	507,350				4,372,506
Museum			1,334,528	26,603				1,361,131
County Fair	99,447		7,439,601	210,359	8,865			7,758,272
Total culture and recreation	1,362,799	-	14,965,983	760,177	306,105	-	-	17,395,064
Conservation:								
Land	2,186,304							2,186,304
Water	2,792,333	\$28,221,320		112,223	21,139		4,614,207	35,761,222
Total conservation	4,978,637	28,221,320	-	112,223	21,139	-	4,614,207	37,947,526
Total governmental funds capital assets	\$12,248,938	\$28,221,320	\$42,722,617	\$16,784,298	\$18,369,896	\$309,453,900	\$19,891,197	\$447,692,166

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

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, 2007

Function and Activity	Governmental Funds Capital Assets July 1, 2006	Additions and Transfers	Deletions and Transfers	Governmental Funds Capital Assets June 30, 2007
General Government:				
Board of Commissioners	\$26,780			\$26,780
County Assessor	244,102	\$8,088		252,190
County Clerk	405,339			405,339
County Counsel	6,108			6,108
Facilities	159,418			159,418
Finance - Taxation	480,658			480,658
Forest Management	1,937,203			1,937,203
Industrial Development	852,229			852,229
Information Technology	502,283	57,447		559,730
Juvenile	5,027,425			5,027,425
Law Library	16,982			16,982
Planning	65,476			65,476
Surveying	190,946	6,443	\$7,995	189,394
Other - Unclassified	16,226,988			16,226,988
Total general government	<u>26,141,937</u>	<u>71,978</u>	<u>7,995</u>	<u>26,205,920</u>
Public Safety:				
Communications	798,168			798,168
Building Inspection	88,062	267,252		355,314
Drug Abuse Prevention	149,099	3,700		152,799
Sheriff	10,552,292	586,352		11,138,644
District Attorney	152,448			152,448
Parole & Probation	110,930		7,139	103,791
Total public safety	<u>11,850,999</u>	<u>857,304</u>	<u>7,139</u>	<u>12,701,164</u>
Highways and Streets	<u>319,457,493</u>	<u>12,901,039</u>	<u>323,861</u>	<u>332,034,671</u>
Sanitation	<u>16,193,182</u>	<u>129,839</u>	<u>67,842</u>	<u>16,255,179</u>
Health and Welfare	<u>4,842,590</u>	<u>310,052</u>		<u>5,152,642</u>
Culture and Recreation:				
Parks	3,380,752	522,403		3,903,155
Library	4,366,691	5,815		4,372,506
Museum	1,361,131			1,361,131
County Fair	7,725,843	32,429		7,758,272
Total culture and recreation	<u>16,834,417</u>	<u>560,647</u>	<u>-</u>	<u>17,395,064</u>
Conservation:				
Land	2,186,304			2,186,304
Water	35,761,222			35,761,222
Total conservation	<u>37,947,526</u>	<u>-</u>	<u>-</u>	<u>37,947,526</u>
Total governmental funds' capital assets	<u><u>\$433,268,144</u></u>	<u><u>\$14,830,859</u></u>	<u><u>\$406,837</u></u>	<u><u>\$447,692,166</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

OTHER FINANCIAL SCHEDULES

The County is required by State law to disclose the financial transactions of elected officials. This subsection includes a schedule 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
SCHEDULE OF CASH RECEIPTS AND TURNS - ELECTED OFFICIALS
June 30, 2007

	County Clerk	Sheriff - Civil and Criminal	County Surveyor	Justice of the Peace			District Attorney	County Assessor	Total	
				Canyonville	Reedsport	Drain	Glendale			
Cash, July 1, 2006	<u>\$11,332</u>	<u>\$19,973</u>	<u>\$172</u>	<u>\$66,814</u>	<u>\$42,082</u>	<u>\$33,852</u>	<u>\$33,656</u>	<u>\$10,111</u>	<u>\$50</u>	<u>\$218,042</u>
Receipts	<u>1,332,360</u>	<u>3,464,450</u>	<u>133,528</u>	<u>996,569</u>	<u>314,078</u>	<u>391,692</u>	<u>297,108</u>	<u>491,023</u>	<u>44,088</u>	<u>7,464,896</u>
Turnovers:										
County Treasurer	1,328,407	3,079,535	133,405	584,535	169,435	228,749	178,733	459,629	43,950	6,206,378
Others		<u>396,174</u>		<u>384,019</u>	<u>137,006</u>	<u>161,883</u>	<u>128,551</u>	<u>41,185</u>		<u>1,248,818</u>
Total turnovers	<u>1,328,407</u>	<u>3,475,709</u>	<u>133,405</u>	<u>968,554</u>	<u>306,441</u>	<u>390,632</u>	<u>307,284</u>	<u>500,814</u>	<u>43,950</u>	<u>7,455,196</u>
Cash, June 30, 2007	<u>\$15,285</u>	<u>\$8,714</u>	<u>\$295</u>	<u>\$94,829</u>	<u>\$49,719</u>	<u>\$34,912</u>	<u>\$23,480</u>	<u>\$320</u>	<u>\$188</u>	<u>\$227,742</u>

DOUGLAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2007

Tax Year	Taxes Receivable July 1, 2006	Current Levy As Extended By Assessor	Deduct Discounts Allowed	Corrections and Adjustments	Deduct Cash Collections	Taxes Receivable June 30, 2007
2007		<u>\$74,671,937</u>	<u>\$1,810,554</u>	<u>(\$751,877)</u>	<u>\$69,077,504</u>	<u>\$3,032,002</u>
2006	\$2,969,413			32,021	1,565,612	1,435,822
2005	1,427,728			62,250	691,542	798,436
2004	810,813			86,048	561,352	335,509
2003	536,259			(79,577)	398,975	57,707
2002	103,280			(7,581)	54,827	40,872
2001	39,027			8,231	28,959	18,299
2000 & prior	<u>60,307</u>			<u>7,279</u>	<u>16,885</u>	<u>50,701</u>
	<u>5,946,827</u>			<u>108,671</u>	<u>3,318,152</u>	<u>2,737,346</u>
	<u>\$5,946,827</u>	<u>\$74,671,937</u>	<u>\$1,810,554</u>	<u>(\$643,206)</u>	<u>\$72,395,656</u>	<u>\$5,769,348</u>

Summary by fund and fund type:

Special Revenue Fund - Public Safety Fund	\$6,995,521	\$552,179
Agency Funds	<u>65,400,135</u>	<u>5,217,169</u>
	<u>\$72,395,656</u>	<u>\$5,769,348</u>

DOUGLAS COUNTY, OREGON
 SCHEDULE OF PROPERTY TAXES RECEIVABLE BY LEVY YEAR BY FUND
 for the year ended June 30, 2007

<u>Tax Year</u>	<u>Public Safety</u>	<u>Agency</u>	<u>Total</u>
2007	\$292,925	\$2,739,077	\$3,032,002
2006	137,258	1,298,564	1,435,822
2005	75,559	722,877	798,436
2004	30,858	304,651	335,509
2003	5,323	52,384	57,707
2002	3,762	37,110	40,872
2001	1,786	16,513	18,299
2000 & prior	4,708	45,993	50,701
	<u>\$552,179</u>	<u>\$5,217,169</u>	<u>\$5,769,348</u>

DOUGLAS COUNTY, OREGON
 SCHEDULE OF PROPERTY TAX COLLECTIONS BY LEVY YEAR BY FUND
 for the year ended June 30, 2007

Fiscal Year:	Public Safety	Agency	Total
2007	\$6,674,471	\$62,403,033	\$69,077,504
2006	151,698	1,413,914	1,565,612
2005	67,301	624,241	691,542
2004	53,710	507,642	561,352
2003	38,692	360,283	398,975
2002	5,288	49,539	54,827
2001	2,974	25,985	28,959
2000 & prior	1,387	15,498	16,885
	\$6,995,521	\$65,400,135	\$72,395,656

STATISTICAL SECTION

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

	<u>Pages</u>
Financial Trends	74-77
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	78-81
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity	82-84
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	85-86
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	87-89
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

DOUGLAS COUNTY, OREGON
NET ASSETS BY COMPONENT
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets	\$202,661,814	\$200,857,392	\$201,416,885	\$201,914,503	\$206,299,495
Restricted	85,646,585	81,619,046	101,327,287	96,447,581	87,599,787
Unrestricted	<u>48,166,867</u>	<u>57,319,008</u>	<u>55,371,500</u>	<u>51,371,820</u>	<u>49,163,553</u>
Total governmental activities net assets	<u>\$336,475,266</u>	<u>\$339,795,446</u>	<u>\$358,115,672</u>	<u>\$349,733,904</u>	<u>\$343,062,835</u>
Business-type activities					
Invested in capital assets	\$6,179,015	\$5,844,712	\$6,012,331	\$5,726,588	\$5,384,506
Unrestricted (deficit)	<u>(1,319,297)</u>	<u>(1,100,008)</u>	<u>(1,294,535)</u>	<u>(1,173,162)</u>	<u>(1,089,760)</u>
Total business-type activities net assets	<u>\$4,859,718</u>	<u>\$4,744,704</u>	<u>\$4,717,796</u>	<u>\$4,553,426</u>	<u>\$4,294,746</u>
Primary government					
Invested in capital assets	\$208,840,829	\$206,702,104	\$207,429,216	\$207,641,091	\$211,684,001
Restricted	85,646,585	81,619,046	101,327,287	96,447,581	87,599,787
Unrestricted	<u>46,847,570</u>	<u>56,219,000</u>	<u>54,076,965</u>	<u>50,198,658</u>	<u>48,073,793</u>
Total primary government net assets	<u>\$341,334,984</u>	<u>\$344,540,150</u>	<u>\$362,833,468</u>	<u>\$354,287,330</u>	<u>\$347,357,581</u>

DOUGLAS COUNTY, OREGON
CHANGES IN NET ASSETS
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$17,451,257	\$23,851,478	\$26,999,463	\$26,668,475	\$26,470,243
Public safety	19,983,798	19,619,694	19,895,326	21,355,931	23,129,754
Highways and streets	23,376,082	23,612,089	23,575,513	25,739,885	28,071,514
Sanitation	4,174,368	1,007,499	5,662,893	9,495,022	9,230,886
Health and welfare	21,771,892	20,009,226	20,367,441	22,202,806	23,584,522
Culture and recreation	6,214,087	6,215,442	6,270,108	6,880,841	7,538,083
Conservation	1,091,557	995,030	1,104,040	1,197,024	1,401,630
Education	5,000,834	4,833,697	4,913,530	5,052,799	5,228,454
Interest on long-term debt	96,494	92,854	95,191	91,037	86,755
Total governmental activities expenses	<u>99,160,369</u>	<u>100,237,009</u>	<u>108,883,505</u>	<u>118,683,820</u>	<u>124,741,841</u>
Business-type activities:					
Sewer	444,985	456,770	505,431	543,981	539,392
Boat marina/RV park	1,803,003	1,587,054	1,692,677	1,793,854	1,962,142
Total business-type activities expenses	<u>2,247,988</u>	<u>2,043,824</u>	<u>2,198,108</u>	<u>2,337,835</u>	<u>2,501,534</u>
Total primary government expenses	<u>\$101,408,357</u>	<u>\$102,280,833</u>	<u>\$111,081,613</u>	<u>\$121,021,655</u>	<u>\$127,243,375</u>
Program Revenues					
Governmental activities:					
Fees, fines and charges for services:					
General government	\$3,525,219	\$3,876,303	\$3,919,614	\$4,835,021	\$5,571,145
Public safety	2,795,756	2,920,030	2,957,182	3,649,083	3,774,827
Highways and streets	620,399	1,138,464	369,910	354,076	464,025
Sanitation	221,003	256,312	266,995	358,599	280,117
Health and welfare	1,230,154	1,121,973	1,147,052	1,041,295	1,409,166
Culture and recreation	1,908,793	2,310,455	2,255,379	2,495,116	2,524,056
Conservation	704,158	846,881	566,634	760,356	782,822
Education	433	319	405	977	1,035
Operating grants and contributions	49,758,483	57,968,857	79,187,360	59,190,528	60,274,316
Capital grants and contributions	-	1,837,500	635,443	-	-
Total governmental activities program revenues	<u>60,764,398</u>	<u>72,277,094</u>	<u>91,305,974</u>	<u>72,685,051</u>	<u>75,081,509</u>
Business-type activities:					
Sewer System	328,746	360,118	348,318	371,111	368,559
Boat marina/RV Park	1,146,911	1,559,581	1,804,127	1,787,623	1,842,292
Total business-type activities program revenues	<u>1,475,657</u>	<u>1,919,699</u>	<u>2,152,445</u>	<u>2,158,734</u>	<u>2,210,851</u>
Total primary government program revenues	<u>\$62,240,055</u>	<u>\$74,196,793</u>	<u>\$93,458,419</u>	<u>\$74,843,785</u>	<u>\$77,292,360</u>
Net (Expense)/Revenue					
Governmental activities	(\$38,395,971)	(\$27,959,915)	(\$17,577,531)	(\$45,998,769)	(\$49,660,332)
Business-type activities	(772,331)	(124,125)	(45,663)	(179,101)	(290,683)
Total primary government net expense	<u>(\$39,168,302)</u>	<u>(\$28,084,040)</u>	<u>(\$17,623,194)</u>	<u>(\$46,177,870)</u>	<u>(\$49,951,015)</u>
General Revenues and Other Changes In Net Assets					
Governmental activities:					
Property taxes	\$5,567,189	\$5,702,210	\$6,194,146	\$6,541,686	\$6,985,626
Unrestricted grants and contributions	27,215,189	24,458,015	24,963,801	25,443,814	26,611,362
Investment earnings	5,266,216	1,183,245	4,481,310	5,610,501	9,365,375
Gain (loss) on sale of assets	-	(86,375)	240,500	-	-
Transfers in (out)	(387,168)	23,000	18,000	21,000	26,900
Total governmental activities	<u>37,661,426</u>	<u>31,280,095</u>	<u>35,897,757</u>	<u>37,617,001</u>	<u>42,989,263</u>
Business-type activities:					
Unrestricted grants and contributions	376,830				
Investment earnings	34,223	32,111	36,755	35,731	58,903
Transfers in (out)	387,168	(23,000)	(18,000)	(21,000)	(26,900)
Total business-type activities	<u>798,221</u>	<u>9,111</u>	<u>18,755</u>	<u>14,731</u>	<u>32,003</u>
Total primary government	<u>\$38,459,647</u>	<u>\$31,289,206</u>	<u>\$35,916,512</u>	<u>\$37,631,732</u>	<u>\$43,021,266</u>
Change in Net Assets					
Governmental activities	(\$734,545)	\$3,320,180	\$18,320,226	(\$8,381,768)	(\$6,671,069)
Business-type activities	25,890	(115,014)	(26,908)	(164,370)	(258,680)
Total primary government	<u>(\$708,655)</u>	<u>\$3,205,166</u>	<u>\$18,293,318</u>	<u>(\$8,546,138)</u>	<u>(\$6,929,749)</u>

DOUGLAS COUNTY, OREGON
 FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$416,106	\$784,148	\$785,753	\$775,242	\$784,342
Unreserved	<u>39,355,025</u>	<u>42,603,565</u>	<u>43,222,599</u>	<u>45,161,930</u>	<u>48,257,045</u>
Total General Fund	<u>\$39,771,131</u>	<u>\$43,387,713</u>	<u>\$44,008,352</u>	<u>\$45,937,172</u>	<u>\$49,041,387</u>
All other governmental funds					
Reserved	\$5,526,296	\$5,874,929	\$5,561,566	\$6,146,904	\$6,818,524
Unreserved, reported in:					
Special revenue funds	94,054,031	92,232,760	111,993,130	106,579,090	97,531,833
Capital projects funds	<u>4,098,094</u>	<u>4,471,090</u>	<u>5,102,039</u>	<u>4,985,074</u>	<u>4,889,404</u>
Total all other governmental funds	<u>\$103,678,421</u>	<u>\$102,578,779</u>	<u>\$122,656,735</u>	<u>\$117,711,068</u>	<u>\$109,239,761</u>

DOUGLAS COUNTY, OREGON
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Charges for services	\$6,975,632	\$7,316,840	\$7,105,616	\$8,289,775	\$9,109,044
Permits, licenses and fines	1,453,497	1,534,517	1,538,921	1,660,874	1,833,263
Intergovernmental	76,973,672	82,426,872	104,151,161	84,634,342	86,897,678
Property taxes	5,551,747	5,743,752	6,204,100	6,528,842	6,979,666
Assessments	171,274	85,190	55,589	49,096	148,074
Interest	5,266,216	1,090,148	4,368,378	5,447,405	9,109,136
Other	2,405,512	3,462,271	2,668,627	2,647,884	2,735,814
Total revenues	98,797,550	101,659,590	126,092,392	109,258,218	116,812,675
Expenditures					
General Government	16,646,215	22,960,152	23,343,694	23,956,813	25,104,116
Public Safety	19,528,084	19,512,601	18,946,280	20,839,181	21,821,551
Highways and Streets	14,271,136	14,651,686	14,591,256	15,678,959	16,308,164
Sanitation	2,278,076	2,390,361	2,362,647	2,731,040	2,825,943
Health and Welfare	21,294,183	19,982,666	20,092,523	21,969,776	23,151,310
Culture and Recreation	5,893,226	6,107,555	5,983,169	6,468,031	6,730,067
Conservation	692,951	588,843	708,265	791,608	998,348
Education	5,000,834	4,833,697	4,913,530	5,052,799	5,228,454
Capital outlay	10,633,507	11,148,782	13,921,545	14,629,475	19,809,684
Debt service					
Principal	71,458	73,409	81,429	86,615	88,909
Interest	96,494	92,854	95,191	91,037	86,755
Total expenditures	96,406,164	102,342,606	105,039,529	112,295,334	122,153,301
Excess (deficiency) of revenues over (under) expenditures	2,391,386	(683,016)	21,052,863	(3,037,116)	(5,340,626)
Other financing sources (uses):					
Transfers in	8,709,885	11,543,235	14,239,184	12,841,304	12,413,579
Transfers out	(9,097,053)	(11,520,235)	(14,521,184)	(12,874,304)	(12,386,679)
Proceeds from sale of capital assets		2,621,735			
Total other financing sources (uses)	(387,168)	2,644,735	(282,000)	(33,000)	26,900
Net change in fund balances	\$2,004,218	\$1,961,719	\$20,770,863	(\$3,070,116)	(\$5,313,726)
Debt service as a percentage of noncapital expenditures	0.19%	0.18%	0.19%	0.17%	0.16%

DOUGLAS COUNTY, OREGON
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Utilities</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Total Taxable Assessed Value</u>	<u>Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Estimated</u>
1998	\$3,403,688,197	\$312,483,511	\$194,151,869	\$145,031,017	\$4,055,354,594	\$1.05	\$6,291,023,406	64.46%
1999	3,586,271,730	346,801,192	202,923,936	151,615,226	4,287,612,084	1.06	6,054,228,045	70.82%
2000	3,766,080,605	371,499,838	209,455,922	154,199,859	4,501,236,224	1.05	6,323,136,269	71.19%
2001	4,110,612,382	425,108,694	204,587,974	160,424,377	4,900,733,427	1.08	7,809,002,890	62.76%
2002	4,303,162,706	383,675,222	197,525,657	161,461,691	5,045,825,276	1.07	8,120,605,564	62.14%
2003	4,503,781,641	399,938,739	197,289,027	152,980,371	5,253,989,778	1.08	8,507,162,568	61.76%
2004	4,715,134,836	360,027,023	199,936,194	153,172,060	5,428,270,113	1.08	9,191,356,622	59.06%
2005	4,993,318,628	408,792,536	204,837,336	157,689,127	5,764,637,627	1.10	10,007,803,131	57.60%
2006	5,324,685,680	396,016,654	213,492,295	162,349,426	6,096,544,055	1.10	11,633,338,386	52.41%
2007	5,686,823,830	430,705,400	231,920,426	172,823,150	6,522,272,806	1.11	13,817,853,998	47.20%

Source: Douglas County Assessor's Department

DOUGLAS COUNTY, OREGON
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	Douglas County	Cities	Education Service District	School Districts	Fire Districts	Water Districts	Sanitary Districts	Other Special Purpose Districts	Total
1998	\$1.05	\$5.46	\$0.40	\$4.19	\$1.44	\$0.87	\$0.96	\$2.18	\$16.55
1999	1.06	5.20	0.40	4.27	1.48	0.80	0.99	2.18	16.38
2000	1.05	5.19	0.40	4.41	1.53	0.79	0.99	2.21	16.57
2001	1.08	5.69	0.40	4.55	1.53	0.74	1.00	2.14	17.13
2002	1.07	5.00	0.40	4.58	1.63	0.71	1.00	1.76	16.15
2003	1.08	5.12	0.40	4.57	1.63	0.67	1.00	1.76	16.23
2004	1.08	5.00	0.40	4.56	1.46	1.03	0.99	1.67	16.19
2005	1.10	5.00	0.40	4.54	1.40	0.97	1.49	1.59	16.49
2006	1.10	5.23	0.40	4.44	1.45	0.00	2.42	1.23	16.27
2007	1.11	5.08	0.40	4.42	1.44	0.00	2.42	1.24	16.11

Source: Douglas County Assessor's Department

DOUGLAS COUNTY, OREGON
 PRINCIPAL TAXPAYERS
 Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Pacific Power & Light	\$243,339,000	1	3.73%	\$170,569,700	1	4.21%
Roseburg Forest Products	235,477,296	2	3.61%	75,560,000	2	1.86%
Weyerhaeuser Co	50,660,121	3	0.78%			
Seneca Jones Timber	33,241,426	4	0.51%			
Superior Lumber/Veneer	31,568,407	5	0.48%			
Qwest Corporation	30,137,300	6	0.46%			
Sun Studs/Superior Studs	29,098,065	7	0.45%			
Douglas Co Forest Products	26,515,385	8	0.41%			
Alcan Cable	24,153,711	9	0.37%	18,791,076	5	0.46%
Avista Corporation	20,371,300	10	0.31%			
International Paper Co				40,664,663	3	1.00%
Pacific Northwest Bell				30,113,775	4	0.74%
Glenbrook Nickel Co				14,533,766	6	0.36%
	<u>\$724,562,011</u>		<u>11.11%</u>	<u>\$350,232,980</u>		<u>8.64%</u>

Source: Douglas County Assessor's Department

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes To Tax Levy
1998	\$5,115,342	\$4,843,715	94.69 %	\$271,627	\$5,115,342	100.00 %	\$0	0.00 %
1999	4,538,249	4,211,991	92.81	322,648	4,534,639	99.92	3,610	0.08
2000	4,673,621	4,366,454	93.43	306,069	4,672,523	99.98	1,098	0.02
2001	5,460,787	4,885,444	89.46	573,557	5,459,001	99.97	1,786	0.03
2002	5,417,410	5,100,441	94.15	313,207	5,413,648	99.93	3,762	0.07
2003	5,665,977	5,329,670	94.06	330,984	5,660,654	99.91	5,323	0.09
2004	5,800,851	5,514,820	95.07	255,173	5,769,993	99.47	30,858	0.53
2005	6,301,675	6,013,285	95.42	212,831	6,226,116	98.80	75,559	1.20
2006	6,662,399	6,378,537	95.74	146,604	6,525,141	97.94	137,258	2.06
2007	7,214,139	6,921,214	95.94	0	6,921,214	95.94	292,925	4.06

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

DOUGLAS COUNTY, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Governmental Activities - Total Primary Government

Fiscal Year	General Bonded Debt Outstanding (1)		Notes Payable	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Percentage of Estimated Actual Value of Taxable Property			
1998	N/A	N/A	\$563,928	0.028%	\$5.69
1999	N/A	N/A	534,662	0.025%	5.33
2000	N/A	N/A	1,260,618	0.058%	12.53
2001	N/A	N/A	1,210,786	0.053%	12.05
2002	N/A	N/A	1,816,187	0.076%	17.95
2003	N/A	N/A	1,744,729	0.070%	17.22
2004	N/A	N/A	1,671,320	0.067%	16.42
2005	N/A	N/A	1,742,210	0.066%	17.02
2006	N/A	N/A	1,655,595	0.060%	16.08
2007	N/A	N/A	1,566,686	0.055%	15.09

(1) Douglas County has not had any general obligation bonded debt in the last ten fiscal years.

(2) See the schedule of Demographic and Economic Statistics for personal income and population data.

N/A - Not applicable

DOUGLAS COUNTY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2007

<u>Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to County</u>	<u>Estimated Amount Applicable to County</u>
Debt repaid with property taxes:			
Tri-City Water District	\$243,598	100.00 %	\$243,598
South Umpqua Rural Fire Protection District	1,120,000	100.00	1,120,000
Sutherlin Water Control District	142,490	100.00	142,490
Douglas County Fire District #2	2,825,000	100.00	2,825,000
Glide Rural Fire Protection District	65,879	100.00	65,879
North Douglas Fire & EMS District	30,000	100.00	30,000
Douglas County School District No. 4	21,825,000	100.00	21,825,000
Douglas County School District No. 22	285,000	100.00	285,000
Douglas County School District No. 77	840,000	100.00	840,000
Douglas County School District No. 116	8,780,000	100.00	8,780,000
Douglas County School District No. 12	10,800,000	100.00	10,800,000
Douglas County School District No. 130	3,370,000	100.00	3,370,000
City of Canyonville	208,792	100.00	208,792
City of Glendale	121,109	100.00	121,109
City of Roseburg	4,610,000	100.00	4,610,000
City of Sutherlin	2,120,000	100.00	2,120,000
Lane County School District No. 28J	14,160,000	0.29	41,262
Lane County School District No. 45J3	26,220,000	0.20	52,492
Lane County School District No. 97J	14,015,000	0.35	49,263
Lane Community College	10,600,000	0.03	3,445
Southwestern Oregon Community College	2,410,000	4.74	114,328
	<u>\$124,791,868</u>		<u>\$57,647,658</u>

Source: Oregon State Treasury, Debt Management Information System

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Douglas County. This process recognizes that, when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

DOUGLAS COUNTY, OREGON
 LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Fiscal Year	Debt Limit	Debt Applicable To Limitation	Legal Debt Margin	Net Debt Applicable to the Limit as a Percentage of the Debt Limit
1998	\$125,820,468	\$0	\$125,820,468	0.00%
1999	121,084,561	0	121,084,561	0.00%
2000	126,462,725	0	126,462,725	0.00%
2001	156,180,058	0	156,180,058	0.00%
2002	162,412,111	0	162,412,111	0.00%
2003	170,143,251	0	170,143,251	0.00%
2004	183,827,132	0	183,827,132	0.00%
2005	200,156,063	0	200,156,063	0.00%
2006	232,666,768	0	232,666,768	0.00%
2007	276,357,080	0	276,357,080	0.00%

Legal Debt Margin Calculation for Fiscal Year 2007:

Estimated Actual Value	<u>\$13,817,853,998</u>
Debt limit (2% of estimated actual value)(1)	\$276,357,080
Debt applicable to limit	<u>0</u>
Legal debt margin	<u>\$276,357,080</u>

(1) 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: Douglas County Assessor's Department

DOUGLAS COUNTY, OREGON
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1998	99,100	\$1,997,063,200	\$20,152	n/a	16,878	8.6%
1999	100,300	2,100,984,100	20,947	n/a	16,407	9.5%
2000	100,580	2,190,934,140	21,783	n/a	16,291	9.3%
2001	100,500	2,276,224,500	22,649	n/a	16,307	7.8%
2002	101,200	2,383,766,000	23,555	35.2	16,285	7.5%
2003	101,300	2,493,702,100	24,617	36.0	16,297	9.8%
2004	101,800	2,502,549,400	24,583	36.3	16,533	9.2%
2005	102,350	2,622,514,050	25,623	37.0	16,297	8.3%
2006	102,950	2,774,936,230	26,966	43.4	16,132	7.1%
2007	103,815	2,827,609,155	27,237	n/a	15,645	7.4%

Sources: Population, personal income, per capita personal income and median age provided by Portland State University Center for Population Research and Census. Unemployment provided by Oregon Department of Employment. School enrollment provided by the Oregon Department of Education.

n/a - not available

DOUGLAS COUNTY, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Roseburg Forest Products	4,000	1	9.18%	n/a	n/a	n/a
Mercy Healthcare, Inc	1,200	2	2.75%	n/a	n/a	n/a
Cow Creek Band of Umpqua Indians	1,015	3	2.33%	n/a	n/a	n/a
Douglas County	815	4	1.87%	n/a	n/a	n/a
VA Medical Center	741	5	1.70%	n/a	n/a	n/a
Roseburg School District	736	6	1.69%	n/a	n/a	n/a
Superior Lumber Co-Swanson Group	625	7	1.43%	n/a	n/a	n/a
Ingram Book Company	300	8	0.69%	n/a	n/a	n/a
Bayliner Marine	300	9	0.69%	n/a	n/a	n/a
Orenco Systems	285	10	0.65%	n/a	n/a	n/a
	<u>10,017</u>		<u>22.99%</u>	<u>0</u>		<u>0.00%</u>

Source: Roseburg Area Chamber of Commerce

n/a - not available

DOUGLAS COUNTY, OREGON
 FULL-TIME-EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities:										
General Government										
Tax Assessment and Collection	38.00	38.00	38.00	34.00	34.75	33.85	32.75	32.25	32.25	33.00
Justices of the Peace	10.50	10.50	11.00	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Juvenile Department	22.50	30.50	32.50	57.50	57.20	46.00	41.00	40.00	43.00	41.60
County Clerk	16.00	16.00	15.50	15.50	15.50	15.50	14.50	14.13	14.12	14.12
Planning	19.60	19.60	19.60	18.60	20.60	20.60	20.60	22.35	23.60	27.00
All other	54.48	53.85	52.85	53.00	54.00	97.05	96.45	94.87	103.72	85.72
Public Safety										
Sheriff	143.60	149.10	150.60	149.10	152.60	190.60	184.50	159.90	164.90	147.00
District Attorney	23.40	23.40	23.60	23.40	24.00	26.00	26.00	25.00	27.00	27.00
All other	33.30	33.00	33.00	34.00	34.00	34.10	35.11	36.11	39.11	62.25
Highways and Streets	117.00	113.00	114.00	116.00	116.00	120.80	120.89	118.89	120.89	121.75
Sanitation	17.50	16.50	18.50	17.50	18.50	18.50	18.50	18.50	18.50	18.50
Health and Welfare	181.61	191.52	198.44	210.73	232.99	227.45	187.85	185.85	179.10	187.83
Culture and Recreation										
Parks	24.00	23.00	23.00	21.00	21.66	21.00	21.00	21.75	21.66	21.00
Library	45.43	45.86	46.12	45.88	45.86	45.86	45.86	45.86	45.86	45.86
Fairgrounds	14.00	14.50	14.00	14.80	15.00	15.00	14.00	13.00	13.00	13.80
Museum	7.30	5.00	4.25	5.50	5.50	5.50	5.50	5.50	4.50	4.50
Conservation	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Total governmental activities	<u>773.72</u>	<u>788.83</u>	<u>800.46</u>	<u>832.51</u>	<u>864.16</u>	<u>933.81</u>	<u>880.51</u>	<u>849.96</u>	<u>867.21</u>	<u>866.93</u>
Business-type activities:										
Salmon Harbor Marina/RV Park	6.00	6.00	8.00	9.50	10.00	10.00	10.00	10.00	11.00	12.00
Total employees	<u>779.72</u>	<u>794.83</u>	<u>808.46</u>	<u>842.01</u>	<u>874.16</u>	<u>943.81</u>	<u>890.51</u>	<u>859.96</u>	<u>878.21</u>	<u>878.93</u>

Source: Douglas County Finance Department

DOUGLAS COUNTY, OREGON
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	#	Fiscal Year									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General governmental activities:											
Public Safety											
Sheriff-Enforcement											
Citations issued	#	6,158	4,372	5,389	5,078	4,969	4,632	4,796	4,300	3,739	3,384
Warnings issued	#	9,371	6,161	8,107	8,992	9,353	10,083	8,161	5,055	3,878	5,954
Arrest reports		5,256	4,903	4,680	4,351	4,130	4,525	4,155	4,301	4,230	3,732
Sheriff-Jail											
Bookings	#	5,892	6,145	6,134	6,470	7,154	7,517	7,164	6,423	6,349	6,387
Average daily population	#	156	174	176	198	181	185	205	207	190	200
Communications											
Law Enforce reports	v/a	n/a	n/a	184,564	192,501	195,591	192,599	194,264	192,167	197,978	196,690
Fire/Medical reports	v/a	n/a	n/a	13,536	13,603	14,719	16,371	16,665	17,487	18,363	18,083
Building Department											
Building permits	#	890	950	1,002	986	1,020	1,091	1,269	1,432	1,354	1,278
Highways and Streets											
Miles of roads resurfaced	#	147.49	151.37	131.27	112.00	113.53	119.49	99.70	107.67	*	88.63
Sanitation											
Landfill annual waste disposal in tons	#	87,170	88,371	85,610	90,013	94,477	91,201	94,675	101,633	112,727	109,584
Health and Welfare											
Services to unduplicated clients:											
Mental Health	#	3,253	3,858	4,289	4,135	4,014	3,732	3,345	3,680	3,944	3,871
Community Health	#	19,940	24,908	24,756	19,775	20,969	17,186	18,000	20,926	20,259	19,321
Senior and DD	#	6,625	6,150	7,573	8,386	8,345	8,043	6,028	7,248	6,095	7,299
Environmental Health	#	5,119	6,689	5,357	6,325	6,116	6,450	6,357	6,160	4,760	1,324 #
Total ride count											
Transportation Services											85,494 ++
Culture and Recreation											
Park campgrounds annual usage	#	21,605	19,780	18,446	18,867	19,257	21,946	22,533	24,420	25,203	24,151
Conservation											
Galesville dam annual KWH produced	#	5,039,640	8,557,920	7,057,200	5,323,710	1,514,880	3,384,720	5,890,271	4,521,099	3,872,495	5,048,025
Business-type activities:											
Salmon Harbor Marina											
RV Park average annual occupancy	**	**	**	**	**	48%	43%	43%	44%	45%	47%
Glide/Idle/d sewer system											
Annual wastewater flow in gallons/day	#	132,500	138,917	136,333	142,333	138,917	142,250	162,417	125,043	159,667	145,083
Sewer connections	#	533	545	555	568	583	595	607	628	650	675

Sources: Various county departments

*In 2006 an extensive county wide project to replace aging culverts and drainage pipes was done in lieu of road resurfacing.

** RV Park at Salmon Harbor opened in April, 2001.

In 2007 Environmental Health includes only facility license fees.

++ In 2007 a new Transportation Services Division was established for Health & Social Services.

n/a - not available

DOUGLAS COUNTY, OREGON
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities:										
Public Safety										
Sheriff										
Patrol vehicles	41	41	39	44	49	49	49	53	51	47
Adult correction facility	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Centerline miles of county roads	1,126	1,130	1,130	1,132	1,135	1,135	1,153	1,170	1,170	1,171
Bridges	n/a	n/a	n/a	n/a	n/a	n/a	n/a	294	294	294
Sanitation										
Landfill facility	2	1	1	1	1	1	1	1	1	1
Solid waste transfer sites	12	13	13	13	13	13	13	13	13	13
Culture and Recreation										
Parks										
Number of county parks	42	42	42	42	42	42	42	42	42	42
Overnight camp sites	220	220	220	220	220	220	220	220	220	270
Conservation										
Dams	2	2	2	2	2	2	2	2	2	2
Stream gauging stations	25	25	25	25	25	25	25	25	25	25
Business-type activities:										
Salmon Harbor Marina										
Moorage Docks	17	17	16	16	17	17	17	17	17	17
Boarding Floats	2	2	2	2	2	2	2	2	2	2
Boat Fueling Dock	1	1	1	1	1	1	1	1	1	1

Sources: Various county departments

Note: No capital asset indicators are available for the general government function.

n/a - not available

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

December 17, 2007

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, 2007, and have issued our report thereon dated December 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Douglas County, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Douglas County, Oregon's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of 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.

A handwritten signature in cursive script that reads "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 90 and 91 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, 2007 and June 30, 2008, and the execution of its budget for the fiscal year ended June 30, 2007,
- 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,

except as follows:

- The County exceeded its collateral coverage in one institution for one day during the year.

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.