

DOUGLAS COUNTY, OREGON  
Comprehensive Annual Financial Report

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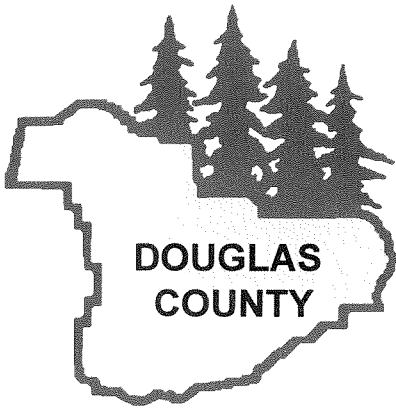
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# OFFICE OF MANAGEMENT AND FINANCE

County Courthouse – Roseburg, Oregon 97470

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**Sandra K. Correll**, Chief Financial Officer – (541) 440-4554

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ACCOUNTS PAYABLE/PURCHASING

PAYROLL

440-4247

440-4250

December 22, 2008

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, 2008, 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, 2008, 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 104,675. 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 2008 in Douglas County was 8.4%. This is above the state and national rate of 5.3%.

*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. The Act was reauthorized for another four years in October, 2008. These funds account for approximately 45% of the county's total annual revenues. The County will receive these funds through fiscal year 2011-12.

*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 four years. The average yield on investments was 4.5% during 2007-08. 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, 2007. This was the twentieth 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, 2007

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.



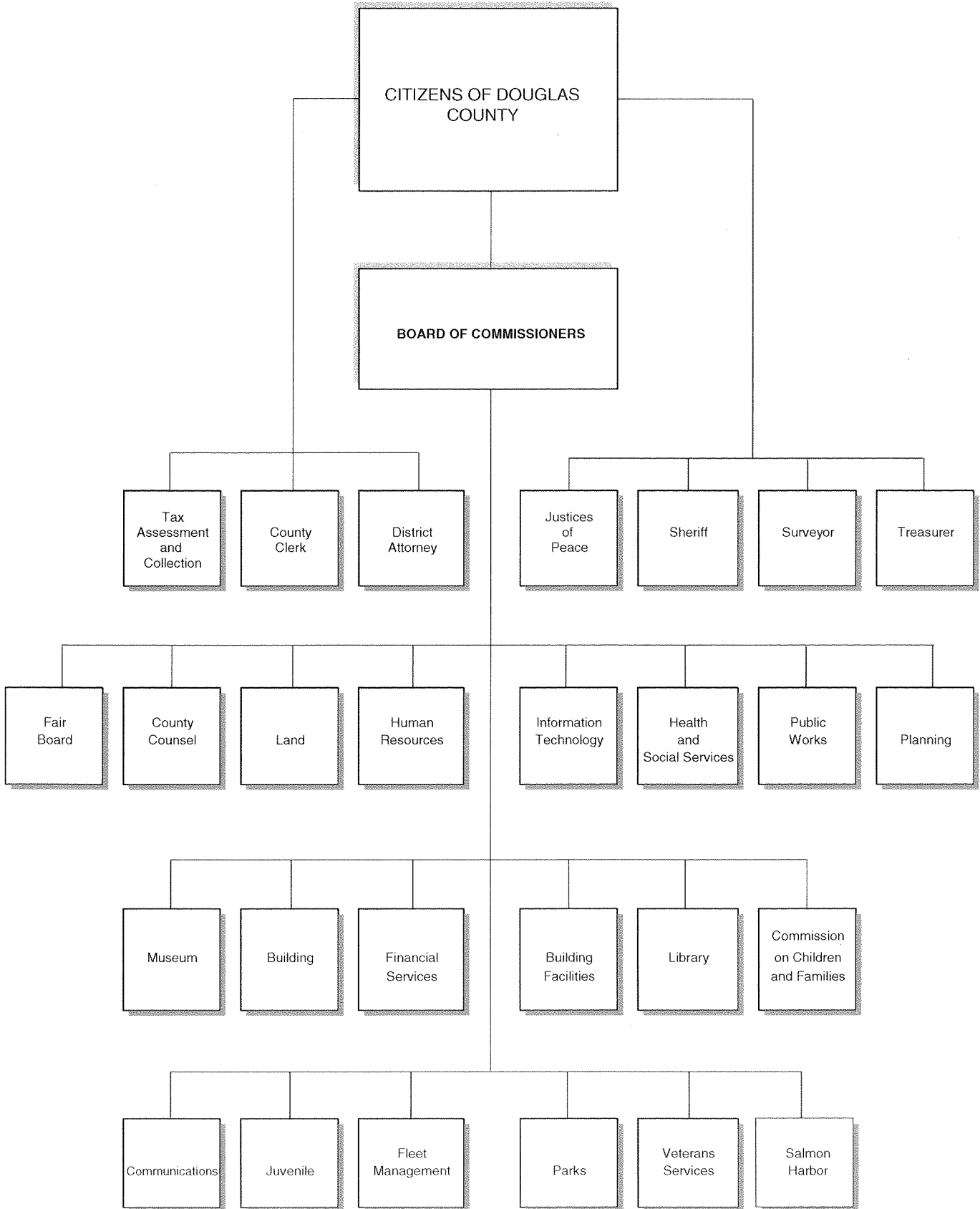
*Oliver S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

DOUGLAS COUNTY, OREGON  
ORGANIZATION CHART



DOUGLAS COUNTY, OREGON  
LISTING OF PRINCIPAL OFFICIALS  
as of June 30, 2008

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BOARD OF COUNTY COMMISSIONERS  
COUNTY COURTHOUSE  
Roseburg, Oregon 97470

---

Telephone: (541) 440-4201

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

DOUGLAS COUNTY, OREGON  
LISTING OF PRINCIPAL OFFICIALS  
as of June 30, 2008

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BOARD OF COUNTY COMMISSIONERS  
COUNTY COURTHOUSE  
Roseburg, Oregon 97470

---

Telephone: (541) 440-4201

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

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

December 19, 2008

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, 2008, 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, 2008, 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 19, 2008 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, 2008. 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, 2008, by \$363,346,111 (*net assets*). Of this amount, \$64,207,041 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$6,232,529. This increase is due primarily to a decrease in capital project expenditures in the Public Works Fund and a reduction in funding of outside agencies' projects from the Title III Fund.
- At June 30, 2008, the unreserved fund balance for the General Fund was \$53,149,632 or 148% of total General Fund expenditures and transfers to other funds. This represents an increase of \$4,892,587 or 10% 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, 2008. 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,

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 \$363,555,196 at June 30, 2008.

The largest portion of the County's net assets (59%) 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 (16%) of unrestricted net assets (\$64,207,041) 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	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Cash and investments	\$161,802,316	\$158,385,731	\$1,326,257	\$1,404,529	\$163,128,573	\$159,790,260
Receivables	10,073,752	10,597,212	43,114	40,058	10,116,166	10,637,270
Internal balances	88,016	130,328	(88,016)	(130,328)		
Other assets	3,641,287	3,082,653	18,274	13,096	3,659,561	3,095,749
Interfund loan balances	2,361,529	2,361,529	(2,361,529)	(2,361,529)		
Capital assets	208,319,872	206,299,495	5,504,796	5,384,506	213,824,668	211,684,001
Total assets	<u>386,286,772</u>	<u>380,856,948</u>	<u>4,442,896</u>	<u>4,350,332</u>	<u>390,728,968</u>	<u>385,207,280</u>
Noncurrent liabilities	16,872,548	17,329,142			16,872,548	17,329,142
Other liabilities	10,447,971	10,708,971	63,038	55,586	10,511,009	10,764,557
Total liabilities	<u>27,320,519</u>	<u>28,038,113</u>	<u>63,038</u>	<u>55,586</u>	<u>27,383,557</u>	<u>28,093,699</u>
Net assets:						
Invested in capital assets	208,319,872	206,299,495	5,504,796	5,384,506	213,824,668	211,684,001
Restricted	85,314,402	87,599,787			85,314,402	87,599,787
Unrestricted	65,331,979	58,919,553	(1,124,938)	(1,089,760)	64,207,041	57,829,793
Total net assets	<u>\$358,966,253</u>	<u>\$352,818,835</u>	<u>\$4,379,858</u>	<u>\$4,294,746</u>	<u>\$363,346,111</u>	<u>\$357,113,581</u>

## Douglas County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Revenues:						
Program revenues:						
Charges, fees and fines	\$14,975,904	\$14,807,193	\$1,978,179	\$1,908,514	\$16,954,083	\$16,715,707
Operating grants and contributions	63,494,806	60,274,316		302,337	63,494,806	60,576,653
Capital contributions			664,387		664,387	
General revenues:						
Property taxes	7,505,829	6,985,626			7,505,829	6,985,626
Grants and contributions not restricted to specific programs	26,420,505	26,611,362			26,420,505	26,611,362
Unrestricted investment earnings	6,468,338	9,365,375	64,797	58,903	6,533,135	9,424,278
<b>Total revenues</b>	<b>118,865,382</b>	<b>118,043,872</b>	<b>2,707,363</b>	<b>2,269,754</b>	<b>121,572,745</b>	<b>120,313,626</b>
Expenses:						
General government	24,499,159	26,470,243			24,499,159	26,470,243
Public safety	24,015,165	23,129,754			24,015,165	23,129,754
Highways and streets	24,686,312	28,071,514			24,686,312	28,071,514
Sanitation	3,700,068	4,044,886			3,700,068	4,044,886
Health and welfare	22,951,469	23,584,522			22,951,469	23,584,522
Culture and recreation	7,092,345	7,538,083			7,092,345	7,538,083
Conservation	1,343,613	1,401,630			1,343,613	1,401,630
Education	5,185,592	5,228,454			5,185,592	5,228,454
Interest on long-term debt	82,357	86,755			82,357	86,755
Sewer			557,963	539,392	557,963	539,392
Recreational facility			2,037,088	1,962,142	2,037,088	1,962,142
<b>Total expenses</b>	<b>113,556,080</b>	<b>119,555,841</b>	<b>2,595,051</b>	<b>2,501,534</b>	<b>116,151,131</b>	<b>122,057,375</b>
Increase (decrease) in net assets before transfers	5,309,302	(1,511,969)	112,312	(231,780)	5,421,614	(1,743,749)
Gain on sale of assets	810,915				810,915	
Transfers	27,200	26,900	(27,200)	(26,900)		
Increase (decrease) in net assets	6,147,417	(1,485,069)	85,112	(258,680)	6,232,529	(1,743,749)
Net assets - July 1	352,818,836	354,303,904	4,294,746	4,553,426	357,113,582	358,857,331
<b>Net assets - June 30</b>	<b>\$358,966,253</b>	<b>\$352,818,835</b>	<b>\$4,379,858</b>	<b>\$4,294,746</b>	<b>\$363,346,111</b>	<b>\$357,113,582</b>

**Governmental activities.** Governmental activities increased net assets by \$6,147,417. Activities contributing materially to the increase in net assets are the decrease in Public Works capital project expenditures and the reduction in funding for outside agencies projects from the Title III funds.

**Business-type activities.** Business-type activities increased net assets by \$85,112. This increase is the result of capital contributions to the Salmon Harbor moorage facilities.

### 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 \$160,839,118 an increase of \$2,557,970 over the prior year. Approximately 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 \$53,149,632, while total fund balance reached \$54,008,235. Unreserved fund balance represents 148% of total general fund expenditures and transfers to other funds.

The General Fund's unreserved fund balance increased by \$4,892,587 in 2007-08 and \$3,095,115 in 2006-07. Approximately 65% of the General Fund 2007-08 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. The Act was amended and reauthorized October, 2008 to provide funding through fiscal 2012. The Board of County Commissioners continues to manage resources to build reserves until the funding for county services can be stabilized.

The Public Works fund balance decreased by \$5,540,229 including change in inventory. This decrease is due largely to the continued expenditures on a multi-year bridge replacement/repair project funded by the Oregon Transportation Investment Act (OTIA). The total project is in excess of \$22 million. At the end of the current fiscal year, the unreserved fund balance of the Public Works Fund was \$76,437,559.

The Public Safety fund balance increased \$216,475 to \$1,722,308. While revenues and transfers in to the Public Safety Fund increased about \$700,000, expenditure increases were also up as a result of negotiated salary and benefits increases for law enforcement employees resulting in the net increase in fund balance.

The Health & Social Services fund balance increased \$681,595 to \$1,909,606. The increase was due predominately from an increase in intergovernmental program revenues from the State of Oregon.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, for its two enterprise funds (Salmon Harbor and Glide-Idleld Sewer). The most significant change in 2007-08 was capital contributions to the Salmon Harbor Fund for new moorage docks.

## General Fund Budgetary Highlights

Total appropriations in the General Fund's final amended budget were \$727,973 higher than the original budget. During the 2007-08 fiscal, the County ran a supplemental budget increasing expenditures in the Information Technology Department by \$132,120, the District Attorney's Office by \$60,000, the Museum by \$305,608, the Surveyor by \$63,000 and the transfers out to the Dog Control Fund by \$21,950. These additional appropriations were to authorize the expenditure of \$727,973 in unanticipated additional resources to the County.

Service revenue is less than budgeted primarily due to services in the Planning and Building departments being about 25% under budget. This is reflective of the slow growth in the County this past year.

Although the Solid Waste budget reflected over \$400,000 for new equipment, these expenditures were delayed due to the uncertainty of the reauthorization of the federal Secure Rural Schools funding.

The General Fund budget anticipated \$2 million from the State of Oregon for economic development that was to be passed on to local governmental entities for state approved projects in fiscal 2008. The fact that these projects were not funded is reflected in the budget to actual differences in intergovernmental revenues and nondepartmental expenditures.

## 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, 2008 amounts to \$213,824,668 (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 \$2,140,667.

### Capital Assets at Year-End (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$12,248,938	\$12,248,938	\$921,221	\$921,221	\$13,170,159	\$13,170,159
Buildings & improvements	27,739,093	28,374,982	4,538,446	4,427,754	32,277,539	32,802,736
Furniture and equipment	9,637,117	10,752,382			9,637,117	10,752,382
Vehicles & heavy equipment	7,611,400	7,928,390	45,129	35,531	7,656,529	7,963,921
Dams	21,260,061	21,636,345			21,260,061	21,636,345
Infrastructure	100,567,206	105,467,261			100,567,206	105,467,261
Construction in progress	29,256,057	19,891,197			29,256,057	19,891,197
Totals	\$208,319,872	\$206,299,495	\$5,504,796	\$5,384,506	\$213,824,668	\$211,684,001

The following table reconciles the changes in capital assets:

	Governmental	Business-Type	Total
	Activities	Activities	
Beginning balance	\$451,745,675	\$13,938,002	\$465,683,677
Additions	13,370,697	500,393	13,871,090
Retirements	(221,507)		(221,507)
Depreciation	(256,574,993)	(8,933,599)	(265,508,592)
Ending balance	\$208,319,872	\$5,504,796	\$213,824,668

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 \$1,475,365 in notes payable for industrial development within the County. This is \$91,321 less than the \$1,566,686 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 Secure Rural Schools and Community Self-Determination Act, which provides annual revenue to replace declining timber harvest revenues. The Act was reauthorized for another four years in October, 2008. The county received approximately \$24.7 million for general government operations and \$14.4 million for roads and bridges in 2007-08. These funds represent over 45% of the county's revenues. Funding from this source in 2008-09 is anticipated to be approximately 90% of the fiscal 2008 amount.
- 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 2008 was 8.4%. This compares unfavorably to the state and national average unemployment rate of 5.5%.
- 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 4.7%. 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 change in population of the County the past year was negligible.

These are among the factors that were considered in preparing the County's budget for fiscal 2009.

### **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

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DOUGLAS COUNTY, OREGON  
STATEMENT OF NET ASSETS  
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$161,802,316	\$1,326,257	\$163,128,573	
Receivables	10,073,752	43,114	10,116,866	\$1,670,000
Internal balances	88,016	(88,016)		
Inventories	2,705,876	18,046	2,723,922	
Deposits and prepaid items	935,411	228	935,639	
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	27,739,093	4,538,446	32,277,539	
Furniture and equipment	9,637,116		9,637,116	
Vehicles and heavy equipment	7,611,401	45,129	7,656,530	
Dams	21,260,061		21,260,061	
Infrastructure	100,567,206		100,567,206	
Construction in progress	29,256,057		29,256,057	
Total assets	<u>386,286,772</u>	<u>4,442,896</u>	<u>390,729,668</u>	<u>1,670,000</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	7,742,033	63,038	7,805,071	
Unearned revenues	351,247		351,247	
Noncurrent liabilities:				
Due within one year	2,354,691		2,354,691	30,000
Due in more than one year	16,872,548		16,872,548	1,640,000
Total liabilities	<u>27,320,519</u>	<u>63,038</u>	<u>27,383,557</u>	<u>1,670,000</u>
<b>NET ASSETS</b>				
Investment in capital assets	208,319,872	5,504,796	213,824,668	
Restricted for:				
Highways and streets	79,069,194		79,069,194	
Health and social services	1,489,147		1,489,147	
Other purposes	4,756,061		4,756,061	
Unrestricted (deficit)	65,331,979	(1,124,938)	64,207,041	
Total net assets	<u>\$358,966,253</u>	<u>\$4,379,858</u>	<u>\$363,346,111</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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and		Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets		
					Governmental Activities	Business-type Activities	Total
Primary government :							
Governmental activities:							
General government	\$24,499,159	\$5,128,283	\$9,627,015		(\$9,743,861)		(\$9,743,861)
Public safety	24,015,165	3,807,339	5,296,300		(14,911,526)		(14,911,526)
Highways and streets	24,686,312	530,790	22,368,861		(1,786,661)		(1,786,661)
Sanitation	3,700,068	494,494			(3,205,574)		(3,205,574)
Health and welfare	22,951,469	1,555,363	20,233,861		(1,162,245)		(1,162,245)
Culture and recreation	7,092,345	2,571,126	581,824		(3,939,395)		(3,939,395)
Conservation	1,343,613	887,053	210,252		(246,308)		(246,308)
Education	5,185,592	1,456	5,176,693		(7,443)		(7,443)
Interest on long-term debt	82,357				(82,357)		(82,357)
Total governmental activities	113,556,080	14,975,904	63,494,806		(35,085,370)	-	(35,085,370)
Business-type Activities:							
Sewer	557,963	360,617				(\$197,346)	(197,346)
Boat marina/RV park	2,037,088	1,617,562		\$664,387		244,861	244,861
Total business-type activities	2,595,051	1,978,179		664,387	-	47,515	47,515
Total primary government	\$116,151,131	\$16,954,083	\$63,494,806	\$664,387	(35,085,370)	47,515	(35,037,855)
Component unit:							
Hospital Facility Authority	\$126,375	\$ -	\$ -				(\$126,375)
General revenues:							
Property taxes					7,505,829		7,505,829
Grants and contributions not restricted to specific purposes					26,420,505		26,420,505
Unrestricted investment earnings					6,468,338	64,797	6,533,135
Gain on sale of capital assets					810,915		810,915
Transfers					27,200	(27,200)	
Total general revenues and transfers					41,232,787	37,597	41,270,384
Change in net assets					6,147,417	85,112	6,232,529
Net assets - beginning, as previously stated					343,062,836	4,294,746	347,357,582
Prior period adjustment					9,756,000		9,756,000
Net assets - beginning, restated					352,818,836	4,294,746	357,113,582
Net assets-ending					\$358,966,253	\$4,379,858	\$363,346,111

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$53,089,725	\$78,221,780	\$1,579,154	\$1,548,650	\$19,817,029	\$154,256,338
Receivables	1,967,415	1,269,772	1,657,449	1,518,925	3,654,163	10,067,724
Due from other funds	3,784,166	3,671	8,896	74,834	31,482	3,903,049
Inventories	13,971	2,461,398				2,475,369
Deposits and prepaid items	858,603	1,236	9,086	14,377	20,243	903,545
Interfund loan receivable					2,361,529	2,361,529
<b>Total assets</b>	<b><u>\$59,713,880</u></b>	<b><u>\$81,957,857</u></b>	<b><u>\$3,254,585</u></b>	<b><u>\$3,156,786</u></b>	<b><u>\$25,884,446</u></b>	<b><u>\$173,967,554</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$3,944,304	\$319,712	\$391	\$165,483	\$32,762	\$4,462,652
Accrued payroll, withholdings and benefits	851,885	288,947	640,404	414,293	80,035	2,275,564
Due to other funds	600,362	1,912,625	232,940	650,029	557,176	3,953,132
Due to other government units	69,496	42,885				112,381
Deferred revenues	239,598	149,527	658,542	17,375	1,259,665	2,324,707
<b>Total liabilities</b>	<b><u>5,705,645</u></b>	<b><u>2,713,696</u></b>	<b><u>1,532,277</u></b>	<b><u>1,247,180</u></b>	<b><u>1,929,638</u></b>	<b><u>13,128,436</u></b>
Fund balances:						
Reserved for:						
Interfund loans receivable					2,361,529	2,361,529
Inventories		2,461,398				2,461,398
Notes receivable		343,968			1,942,623	2,286,591
O & C deposit	759,461					759,461
Deposits and prepaid items	99,142	1,236	9,086	14,377	20,243	144,084
Unreserved, reported in:						
General Fund	53,149,632					53,149,632
Special Revenue Funds		76,437,559	1,713,222	1,895,229	14,965,257	95,011,267
Capital Projects Fund					4,665,156	4,665,156
<b>Total fund balances</b>	<b><u>54,008,235</u></b>	<b><u>79,244,161</u></b>	<b><u>1,722,308</u></b>	<b><u>1,909,606</u></b>	<b><u>23,954,808</u></b>	<b><u>160,839,118</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$59,713,880</u></b>	<b><u>\$81,957,857</u></b>	<b><u>\$3,254,585</u></b>	<b><u>\$3,156,786</u></b>	<b><u>\$25,884,446</u></b>	<b><u>\$173,967,554</u></b>

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, 2008

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Fund Balances - Governmental Funds	\$160,839,118
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Governmental capital assets net of accumulated depreciation	207,353,120
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Long- term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds

Notes payable	(\$1,475,365)	
Accrued compensated absences	(2,359,460)	
Landfill closure and postclosure care cost	<u>(13,090,000)</u>	(16,924,825)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds	1,973,460
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Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities	5,725,380
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Net Assets of Governmental Activities	<u><u>\$358,966,253</u></u>
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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, 2008

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Charges for services	\$4,671,736	\$125,104	\$1,715,021	\$1,097,520	\$2,174,990	\$9,784,371
Permits, licenses and fines	962,608	67,514	394,472	193,402	279,934	1,897,930
Intergovernmental	29,837,703	22,368,861	3,806,904	19,868,995	14,032,848	89,915,311
Property taxes			7,457,020			7,457,020
Assessments	163	110,185				110,348
Interest	2,106,101	2,942,005	94,280	35,099	957,331	6,134,816
Other	333,794	227,987	284,121	261,276	1,097,819	2,204,997
<b>Total revenues</b>	<u>37,912,105</u>	<u>25,841,656</u>	<u>13,751,818</u>	<u>21,456,292</u>	<u>18,542,922</u>	<u>117,504,793</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	16,629,181				7,160,442	23,789,623
Public Safety	4,403,221		18,306,990			22,710,211
Highways and Streets		15,956,550				15,956,550
Sanitation	2,768,687					2,768,687
Health and Welfare	388,475			22,019,348	248,996	22,656,819
Culture and Recreation	4,604,347				1,872,026	6,476,373
Conservation					922,615	922,615
Education					5,185,592	5,185,592
Capital outlay	636,737	13,388,619	158,895	434,356	370,775	14,989,382
<b>Debt service:</b>						
Principal					91,321	91,321
Interest					82,357	82,357
<b>Total expenditures</b>	<u>29,430,648</u>	<u>29,345,169</u>	<u>18,465,885</u>	<u>22,453,704</u>	<u>15,934,124</u>	<u>115,629,530</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>8,481,457</u>	<u>(3,503,513)</u>	<u>(4,714,067)</u>	<u>(997,412)</u>	<u>2,608,798</u>	<u>1,875,263</u>
<b>Other financing sources (uses):</b>						
Transfers in	3,084,799		4,930,542	2,336,497	616,191	10,968,029
Transfers out	(6,599,408)	(2,692,223)		(657,490)	(991,708)	(10,940,829)
<b>Total other financing sources (uses)</b>	<u>(3,514,609)</u>	<u>(2,692,223)</u>	<u>4,930,542</u>	<u>1,679,007</u>	<u>(375,517)</u>	<u>27,200</u>
<b>Net change in fund balances</b>	4,966,848	(6,195,736)	216,475	681,595	2,233,281	1,902,463
Fund balances, beginning	49,041,387	84,784,390	1,505,833	1,228,011	21,721,527	158,281,148
Change in reserve for inventories		655,507				655,507
<b>Fund balances, ending</b>	<u>\$54,008,235</u>	<u>\$79,244,161</u>	<u>\$1,722,308</u>	<u>\$1,909,606</u>	<u>\$23,954,808</u>	<u>\$160,839,118</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, 2008

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

Net change in fund balances - Governmental Funds	\$1,902,463
<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	\$13,164,810
Less current year depreciation	<u>(10,974,816)</u>
	2,189,994
<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>	
	655,507
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	826,376
<p>The decrease 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>	
	(436,000)
<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>	
	159,170
<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>849,907</u>
Change in net assets - governmental activities	<u><u>\$6,147,417</u></u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2008

	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	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$903,544	\$929,585	\$422,713	\$474,944	\$1,326,257	\$7,545,978
Receivables	41,065	40,058	2,049		43,114	6,028
Due from other funds	998	15,298	413,408		414,406	430,574
Inventories	18,046	12,093			18,046	230,507
Deposits and prepaids	228	1,003			228	31,866
<b>Total current assets</b>	<b>963,881</b>	<b>998,037</b>	<b>838,170</b>	<b>474,944</b>	<b>1,802,051</b>	<b>8,244,953</b>
Capital assets:						
Land	921,221	921,221			921,221	
Buildings and improvements	8,094,498	7,611,699	5,269,220	5,269,220	13,363,718	
Furniture and equipment						220,248
Vehicles and heavy equipment	140,068	122,474	13,388	13,388	153,456	3,817,640
Less accumulated depreciation	(4,109,405)	(3,904,942)	(4,824,194)	(4,648,554)	(8,933,599)	(3,071,136)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>5,046,382</b>	<b>4,750,452</b>	<b>458,414</b>	<b>634,054</b>	<b>5,504,796</b>	<b>966,752</b>
<b>Total assets</b>	<b>6,010,263</b>	<b>5,748,489</b>	<b>1,296,584</b>	<b>1,108,998</b>	<b>7,306,847</b>	<b>9,211,705</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable						1,660
Accrued payroll, withholdings and benefits	33,538	29,221			33,538	889,776
Accrued compensated absences	29,500	26,365			29,500	52,414
Accrued claims liability						2,250,000
Due to other funds	61,262	98,929	421,721	31,224	482,983	311,914
Interfund loan payable	2,361,529	2,361,529			2,361,529	
<b>Total current liabilities</b>	<b>2,485,829</b>	<b>2,516,044</b>	<b>421,721</b>	<b>31,224</b>	<b>2,907,550</b>	<b>3,505,764</b>
<b>NET ASSETS</b>						
Invested in capital assets	5,046,382	4,750,452	458,414	634,054	5,504,796	966,752
Unrestricted (deficit)	(1,521,948)	(1,518,007)	416,449	443,720	(1,105,499)	4,739,189
<b>Total net assets</b>	<b>\$3,524,434</b>	<b>\$3,232,445</b>	<b>\$874,863</b>	<b>\$1,077,774</b>	<b>4,399,297</b>	<b>\$5,705,941</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(19,439)	
<b>Net assets of business-type activities</b>					<b>\$4,379,858</b>	

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, 2008

	Business-type Activities - Enterprise Funds					Governmental
	Salmon Harbor		Glide-Idleyld Sewer		Total	Activities
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Internal Service Funds
Operating revenues:						
Charges for services	\$1,216,381	\$1,210,609	\$360,321	\$368,559	\$1,576,702	\$14,928,393
Other	401,181	329,346	296		401,477	1,011,606
Total operating revenues	<u>1,617,562</u>	<u>1,539,955</u>	<u>360,617</u>	<u>368,559</u>	<u>1,978,179</u>	<u>15,939,999</u>
Operating expenses:						
Salaries and wages	476,375	466,074			476,375	680,250
Payroll taxes and benefits	269,319	246,501			269,319	400,480
Operating supplies and expenses	636,634	635,365	382,323	363,750	1,018,957	11,017,299
Utilities	284,139	272,408			284,139	67,969
Administrative expenses	162,192	132,539			162,192	2,912,080
Depreciation	204,463	193,196	175,640	175,642	380,103	371,170
Total operating expenses	<u>2,033,122</u>	<u>1,946,083</u>	<u>557,963</u>	<u>539,392</u>	<u>2,591,085</u>	<u>15,449,248</u>
Operating income (loss)	<u>(415,560)</u>	<u>(406,128)</u>	<u>(197,346)</u>	<u>(170,833)</u>	<u>(612,906)</u>	<u>490,751</u>
Nonoperating revenues and expenses:						
Intergovernmental		302,337				
Interest income	43,162	38,147	21,635	20,756	64,797	333,522
Gain (loss) on sale of capital assets						21,668
Total nonoperating revenues	<u>43,162</u>	<u>340,484</u>	<u>21,635</u>	<u>20,756</u>	<u>64,797</u>	<u>355,190</u>
Income (loss) before contributions and transfers	<u>(372,398)</u>	<u>(65,644)</u>	<u>(175,711)</u>	<u>(150,077)</u>	<u>(548,109)</u>	<u>845,941</u>
Capital contributions	664,387				664,387	
Transfers out			(27,200)	(26,900)	(27,200)	
Change in net assets	291,989	(65,644)	(202,911)	(176,977)	89,078	845,941
Total net assets-beginning	<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>
Total net assets-ending	<u>\$3,524,434</u>	<u>\$3,232,445</u>	<u>\$874,863</u>	<u>\$1,077,774</u>		<u>\$5,705,941</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(3,966)</u>	
Change in net assets of business-type activities					<u>\$85,112</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, 2008

	Business-type Activities - Enterprise Funds					Governmental
	Salmon Harbor		Glide-Idleyld Sewer		Total	Activities
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Internal Service Funds
Cash flow from operating activities:						
Receipts from customers	\$1,616,555	\$1,541,586	\$358,568	\$368,559	\$1,975,123	
Receipts from interfund services provided						\$15,936,310
Payments to suppliers and contractors	(1,111,511)	(1,021,902)	(405,234)	(367,259)	(1,516,745)	(15,752,562)
Payments to employees	(738,242)	(702,678)			(738,242)	(795,156)
Other operating receipts						31,759
Net cash provided by (used in) operating activities	<u>(233,198)</u>	<u>(182,994)</u>	<u>(46,666)</u>	<u>1,300</u>	<u>(279,864)</u>	<u>(579,649)</u>
Cash flows from noncapital financing activities:						
Transfers to other funds			(27,200)	(26,900)	(27,200)	
Operating grants from other governmental entities		302,337				
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>302,337</u>	<u>(27,200)</u>	<u>(26,900)</u>	<u>(27,200)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets						26,002
Capital contributions	664,387				664,387	
Acquisition of capital assets	(500,392)	(26,755)			(500,392)	(205,887)
Net cash provided by (used in) capital and related financing activities	<u>163,995</u>	<u>(26,755)</u>	<u>-</u>	<u>-</u>	<u>163,995</u>	<u>(179,885)</u>
Cash flows from investing activities:						
Interest received	43,162	38,147	21,635	20,756	64,797	333,522
Net increase (decrease) in cash and cash equivalents	(26,041)	130,735	(52,231)	(4,844)	(78,272)	(426,012)
Cash and cash equivalents, beginning	929,585	798,850	474,944	479,788	1,404,529	7,971,990
Cash and cash equivalents, ending	<u>\$903,544</u>	<u>\$929,585</u>	<u>\$422,713</u>	<u>\$474,944</u>	<u>\$1,326,257</u>	<u>\$7,545,978</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(\$415,560)	(\$406,128)	(\$197,346)	(\$170,833)	(\$612,906)	\$490,751
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	204,463	193,196	175,640	175,642	380,103	371,170
(Increase) decrease in:						
Accounts receivable	(1,007)	1,631	(2,049)		(3,056)	3,319
Prepaid expenses and deposits	774	(60)			774	(29,366)
Inventories	(5,953)	16,115			(5,953)	133,528
Interfund receivables	14,300	(14,595)	(413,407)	441	(399,107)	24,751
Increase (decrease) in:						
Accounts payable						(1,144)
Accrued payroll, withholdings and benefits	4,317	6,397			4,317	283,821
Accrued compensated absences	3,135	3,500			3,135	1,753
Accrued claims liability						(750,000)
Interfund payables	(37,667)	16,950	390,496	(3,950)	352,829	(1,108,232)
Total adjustments	<u>182,362</u>	<u>223,134</u>	<u>150,680</u>	<u>172,133</u>	<u>333,042</u>	<u>(1,070,400)</u>
Net cash provided by (used in) operating activities	<u>(\$233,198)</u>	<u>(\$182,994)</u>	<u>(\$46,666)</u>	<u>\$1,300</u>	<u>(\$279,864)</u>	<u>(\$579,649)</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
June 30, 2008

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**ASSETS**

Cash and investments:

Equity in pooled cash and investments	\$1,432,060
Property taxes receivable	5,855,825
Accrued interest receivable	<u>93,525</u>

Total assets	<u><u>\$7,381,410</u></u>
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**LIABILITIES**

Due to other governmental units	<u>\$7,381,410</u>
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Total liabilities	<u><u>\$7,381,410</u></u>
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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, 2008

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**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, 2008

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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, 2008

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

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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, 2008

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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 15<sup>th</sup> of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15<sup>th</sup>, the second one-third on February 15<sup>th</sup>, and the remaining one-third on May 15<sup>th</sup>. A three percent discount is allowed if full payment is made by November 15<sup>th</sup> and a two percent discount is allowed if two-thirds payment is made by November 15<sup>th</sup>. 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, 2008

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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 2007-08.

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, 2008

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**Note 2 - Stewardship, Compliance, and Accountability**

A. Budgetary Information

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

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, 2008.

B. Expenditures in Excess of Appropriations

Oregon state law requires disclosure of expenditures in excess of budgeted appropriations. For the year ended June 30, 2008, actual expenditures (on a budgetary basis) exceeded appropriations for Senior and Disabilities Services in the Health and Social Services Fund by \$654,428. The overexpenditure was funded by additional revenue.

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

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**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, 2008:

Cash on hand	\$121,600
Deposits with financial institutions	16,572,355
Investments	<u>147,866,678</u>
Total cash and investments	164,560,633
Less cash and investments in agency fund	<u>(1,432,060)</u>
Cash and investments, as reported	
Statement of Net Assets	<u><u>\$163,128,573</u></u>

*Deposits*

Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the banks' records at June 30, 2008 is \$17,695,652. Of these deposits, \$331,444 was covered by federal depository insurance, and \$17,576,905 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, 2008. 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, 2008, \$17,364,208 of the County's bank balances of \$17,695,652 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$13,023,156
Uninsured and collateral held by pledging bank's collateral custodian but not in the County's name	<u>4,341,052</u>
Total	<u><u>\$17,364,208</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, 2008

At June 30, 2008, the County's investments consisted of:

	Fair Value	Percent
Investment in Oregon Local Government		
Investment Pool	\$10,312,480	7.0%
U.S. Government Agency Securities	93,484,172	63.2%
Corporate Bonds	44,070,026	29.8%
Total investments	\$147,866,678	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, 2008 were: 77% mature within 93 days, 3.5% mature from 94 days to one year, and 19.5% mature from one to three years.

As of June 30, 2008, maturities for the County's other investments are as follows:

	Less than One Year	One to Five Years
U.S. Government Agency Securities:		
Federal Farm Credit Bank	\$3,007,500	\$11,518,439
Federal Home Loan Bank	3,000,937	24,211,509
Federal Home Loan Mortgage Corp.		21,405,698
Federal Financing Corp.		960,843
Federal National Mortgage Association	3,996,396	25,382,850
Corporate Debt	33,398,853	10,671,173
Total	\$43,403,686	\$94,150,512

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, 2008

The investment in corporate bonds includes a Lehman Brothers note with a value of \$2,935,005 at June 30, 2008 and a maturity date of January 23, 2009. As a result of Lehman Brothers' bankruptcy filing on September 15, 2008, the note is in default and the County is a senior unsecured creditor in Lehman's bankruptcy proceedings, and may stand to lose all or substantially all of this investment in Lehman Brothers.

**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		\$554	\$886,805		\$1,080,056	\$1,967,415
Public Works Fund		149,527	766,930	\$343,968	9,347	1,269,772
Public Safety Fund	\$621,713		1,035,736			1,657,449
Health & Social Services Fund			1,518,925			1,518,925
Nonmajor governmental funds			404,833	3,200,037	49,293	3,654,163
	621,713	150,081	4,613,229	3,544,005	1,138,696	10,067,724
Internal service funds			6,028			6,028
	621,713	150,081	4,619,257	3,544,005	1,138,696	10,073,752
Business-type activities:						
Salmon Harbor Fund			41,065			41,065
Glide/Idle/ld Sewer Fund			2,049			2,049
	-	-	43,114	-	-	43,114
Fiduciary Fund - Agency	5,855,825				93,525	5,949,350
	<u>\$6,477,538</u>	<u>\$150,081</u>	<u>\$4,662,371</u>	<u>\$3,544,005</u>	<u>\$1,232,221</u>	<u>\$16,066,216</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 amount outstanding at June 30, 2008 is \$1,670,000 for the Aspen Foundation 1997 Series A Bonds.

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

C. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$12,248,938			\$12,248,938
Construction in progress	19,891,197	\$11,283,174	\$1,918,314	29,256,057
Total capital assets not being depreciated	32,140,135	11,283,174	1,918,314	41,504,995
Capital assets being depreciated:				
Buildings and improvements	42,722,617	28,123		42,750,740
Furniture and equipment	16,951,168	314,926		17,266,094
Vehicles and heavy equipment	22,256,535	767,662	221,507	22,802,690
Dam structures and improvements	28,221,320			28,221,320
Infrastructure	309,453,900	2,895,126		312,349,026
Total capital assets being depreciated	419,605,540	4,005,837	221,507	423,389,870
Less accumulated depreciation for:				
Buildings and improvements	14,347,635	664,012		15,011,647
Furniture and equipment	6,198,786	1,430,191		7,628,977
Vehicles and heavy equipment	14,328,145	1,080,318	217,173	15,191,290
Dam structures and improvements	6,584,975	376,284		6,961,259
Infrastructure	203,986,639	7,795,181		211,781,820
Total accumulated depreciation	245,446,180	11,345,986	217,173	256,574,993
Total capital assets being depreciated, net	174,159,360	(7,340,149)	4,334	166,814,877
Governmental activities capital assets, net	<u>\$206,299,495</u>	<u>\$3,943,025</u>	<u>\$1,922,648</u>	<u>\$208,319,872</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$921,221			\$921,221
Capital assets being depreciated:				
Buildings	12,880,919	\$482,799		13,363,718
Vehicles and heavy equipment	135,862	17,594		153,456
Total capital assets being depreciated	13,016,781	500,393	-	13,517,174
Less accumulated depreciation for:				
Buildings	8,453,165	372,107		8,825,272
Vehicles and heavy equipment	100,331	7,996		108,327
Total accumulated depreciation	8,553,496	380,103	-	8,933,599
Total capital assets being depreciated, net	4,463,285	120,290	-	4,583,575
Business-type activities capital assets, net	<u>\$5,384,506</u>	<u>\$120,290</u>	<u>\$-</u>	<u>\$5,504,796</u>

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$800,639
Public safety	1,077,644
Highways and streets	8,200,710
Sanitation	426,215
Health and welfare	167,959
Culture and recreation	294,432
Conservation	378,387
Total depreciation expense - governmental activities	\$11,345,986
Business-type activities:	
Salmon Harbor	\$204,463
Glide/Idleyld Sewer	175,640
Total depreciation expense - business-type activities	\$380,103

**D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of June 30, 2008 is as follows:

<u>Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>						
General Fund	\$3,784,166	\$600,362			\$3,084,799	\$6,599,408
Public Works Fund	3,671	1,912,625				2,692,223
Public Safety Fund	8,896	232,940			4,930,542	
Health & Social Services Fund	74,834	650,029			2,336,497	657,490
Nonmajor governmental funds	31,482	557,176	\$2,361,529		616,191	991,708
	3,903,049	3,953,132	2,361,529	-	10,968,029	10,940,829
<u>Proprietary Funds:</u>						
Salmon Harbor Fund	998	61,262		\$2,361,529		
Glide/Idleyld Sewer Fund	413,408	421,721				27,200
Internal service funds	430,574	311,914				
	844,980	794,897	-	2,361,529	-	27,200
	\$4,748,029	\$4,748,029	\$2,361,529	\$2,361,529	\$10,968,029	\$10,968,029

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 2009 fiscal year.

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

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, 2008, deferred revenue consisted of the following:

	<u>General</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Health &amp; Social Services</u>	<u>Other Gov't Funds</u>	<u>Total</u>
Unearned:						
Fees and rents			\$27,578			\$27,578
Grant revenues	\$50,000		65,000	\$17,375	\$2,250	134,625
Payment in lieu of taxes	<u>\$189,044</u>					<u>189,044</u>
	239,044	-	92,578	17,375	2,250	351,247
Unavailable:						
Assessments	554	\$149,527				150,081
Land sales contract					1,257,415	1,257,415
Property taxes receivable			<u>565,964</u>			<u>565,964</u>
Total deferred revenue	<u>\$239,598</u>	<u>\$149,527</u>	<u>\$658,542</u>	<u>\$17,375</u>	<u>\$1,259,665</u>	<u>\$2,324,707</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>	2007	2008
OECD	Jan. 15, 2010	5.00%	\$145,000	\$28,786	\$18,916
OECD	April 3, 2009	5.00%	40,000	5,968	3,057
OECD	July 15, 2009	5.00%	85,000	18,295	12,389
OECD	Dec. 1, 2010	5.00%	105,500	29,338	22,531
OECD	Dec. 1, 2013	5.19%	264,000	123,708	108,602
City of Sutherlin	Oct. 20, 2011	5.00%	84,230	34,306	29,263
City of Reedsport	Dec. 1, 2023	3.0%-4.65%	756,703	630,967	612,350
City of Sutherlin	Dec. 1, 2025	4.45%-5.50%	675,000	561,000	540,000
OECD	Dec. 1, 2025	5.25%-5.6%	<u>152,319</u>	<u>134,318</u>	<u>128,257</u>
			<u>\$2,307,752</u>	<u>\$1,566,686</u>	<u>\$1,475,365</u>

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

Notes Payable to cities in Douglas County and to the Oregon Economic & Community Development Department (OECD) 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
2009	\$96,853	\$77,837
2020	98,652	73,038
2011	88,677	68,136
2012	87,268	63,649
2013	91,822	59,126
2014-2018	395,526	230,390
2019-2023	431,974	120,569
2024-2026	184,593	17,073
	<u>\$1,475,365</u>	<u>\$709,818</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 \$13,090,000 shown as landfill closure and postclosure care liability at June 30, 2008, represents a portion of the total closure and postclosure cost based on the use of approximately 55 percent of estimated capacity of the Roseburg landfill and 100 percent use of estimated capacity of the Reedsport landfill. This represents an increase of \$436,000 from the amount of \$12,654,000, which was recorded as the landfill closure and postclosure liability at June 30, 2007. The estimated remaining life of the Roseburg landfill is approximately 11 years. The County will recognize the remaining estimated cost of closure and postclosure care of \$9,810,000 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 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

*Financial Assurance:* The County is required by state and federal regulations to provide assurance of its ability to finance closure and postclosure care costs. Currently, the County demonstrates financial assurance in connection with the estimated closure and postclosure care activities of the landfills using the local government financial assurance test described in Title 40 of the Code of Federal Regulations 258.74 and Oregon Administrative Rule 340-094-0145. As of June 30, 2008 the County assured total closure and postclosure care costs of \$22,900,000.

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

*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, 2008 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 \$ 1,670,000

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

Year end June 30	Principal	Interest
2009	\$35,000	\$123,937
2010	35,000	121,313
2011	40,000	118,500
2012	45,000	115,312
2013	45,000	111,938
2014-2018	290,000	499,501
2019-2023	415,000	369,562
2024-2028	765,000	174,187
	<u>\$1,670,000</u>	<u>\$1,634,250</u>

Changes in General Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Notes payable	\$1,566,686		\$91,321	\$1,475,365	\$96,853
Compensated absences	2,477,970	\$2,411,874	2,477,970	2,411,874	707,838
Accrued Claims	3,000,000	508,045	1,258,045	2,250,000	1,500,000
Landfill closure and postclosure costs	12,654,000	436,000		13,090,000	50,000
Total	<u>\$19,698,656</u>	<u>\$3,355,919</u>	<u>\$3,827,336</u>	<u>\$19,227,239</u>	<u>\$2,354,691</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, 2008, \$52,414 of internal service funds compensated absences is

DOUGLAS COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS, continued  
 June 30, 2008

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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 claims and general liability claims, and carries commercial insurance for all other significant risks. 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. Settlements have not exceeded coverages in any of the past three fiscal years.

Claims liabilities for general liability are based an actuarial estimate of the ultimate cost of settling claims, including incurred but not reported (IBNR) claims. 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 \$994,744. The estimated unpaid loss liability including IBNR at June 30, 2008, was \$1,250,000.

Coverage for workers' compensation claims in excess of \$750,000 per occurrence is purchased from commercial insurers. Claim liabilities are based an actuarial estimate of the ultimate cost of settling claims, including incurred but not reported (IBNR) claims. The claims paid during the year under this program were \$263,301. Total estimated unpaid loss liability at June 30, 2008, including IBNR, 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.

Changes in the self-insurance program claims liabilities during the past two years are as follows:

Year	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2007-08	\$3,000,000	\$508,045	\$1,258,045	\$2,250,000
2006-07	2,402,000	1,777,644	1,179,644	3,000,000

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

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B. Commitments and Contingencies

The County has commitments under various contracts entered into during the normal course of its operations of approximately \$7,292,007 at June 30, 2008. The approximate commitments by fund are as follows:

General Fund	\$924,573
Public Works Fund	3,263,960
Public Safety Fund	1,563,668
Health and Social Services Fund	363,832
County Forest Management Fund	270,512
County Fair Board Fund	280,792
Industrial Development Fund	202,250
Water Development Fund	277,307
All other funds	145,113
	<u>\$7,292,007</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 \$14,836,385 at June 30, 2008.

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

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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.

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 Plans under Oregon Revised Statutes (ORS) Chapter 238. All County employees are eligible to participate in OPERS after 6 months of employment. OPERS benefits, as established by state statute, include retirement and disability benefits, post-employment healthcare benefits and death benefits to members and beneficiaries. The PERB has the authority under state statutes to amend benefits under the Plans.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

*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. Prior to December 31, 2003, the employee's 6% contribution was made to the PERS ORS 238 plan. Effective January 1, 2004, this same 6% contribution was required to be remitted to the Individual Account Program (IAP) for all eligible employees under the ORS 238A Individual Account Program Plan. The effective employer rate at June 30, 2008, for Tier One and Tier Two employees was 19.25% of annual covered payroll. For OPSRP employees, the County remitted contributions based on employee class. The effective rate for OPSRP employees was 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, 2008, the County's annual pension cost of \$8,318,823 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age cost method. The actuarial assumptions included are: (a) rate of inflation 2.75 %, (b) 8.0% rate of return on investment of present and future assets, (c) projected salary increases of 3.75% 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. The actuarial value of OPERS assets is reported at fair market value. The unfunded actuarial liability is amortized as a level percentage of covered payrolls over a twenty year period. For a schedule of funding progress see page 39.

DOUGLAS COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS, continued  
June 30, 2008

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*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, 2006	\$7,343,161	100%	\$0
June 30, 2007	7,479,709	100	0
June 30, 2008	8,318,823	100	0

E. Net Assets – Restated Beginning Balances

Beginning net assets on the statement of activities have been restated to reflect a correction to the beginning landfill closure and postclosure costs liability of \$9,756,000.

REQUIRED  
SUPPLEMENTARY INFORMATION

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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, 2008

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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
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%
2007	265,911,022	277,239,311	11,328,289	96%	32,299,241	35%

DOUGLAS COUNTY, OREGON  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
for the year ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$5,429,971	\$5,414,046	\$4,671,736	(\$742,310)
Permits, licenses and fines	991,600	991,600	962,608	(28,992)
Intergovernmental:				
O & C funds	24,719,024	24,719,024	24,668,294	(50,730)
All other	6,789,863	7,308,369	5,169,409	(2,138,960)
Assessments	2,000	2,000	163	(1,837)
Interest	2,000,640	2,000,640	2,607,398	606,758
Other	257,040	271,561	324,544	52,983
Total revenues	<u>40,190,138</u>	<u>40,707,240</u>	<u>38,404,152</u>	<u>(2,303,088)</u>
Expenditures:				
Board of Commissioners	588,488	588,488	588,407	81
Justices of the Peace:				
Glendale	171,541	171,541	144,059	27,482
Drain	167,724	167,724	151,934	15,790
Reedsport	161,794	161,794	159,354	2,440
Canyonville	235,195	235,195	225,667	9,528
Juvenile Department	3,101,035	3,101,035	2,834,065	266,970
County Clerk	959,854	959,854	861,225	98,629
Tax Assessment and Collection	2,367,103	2,367,103	2,011,234	355,869
Surveyor	624,949	687,949	670,013	17,936
Planning	1,942,105	1,942,105	1,813,288	128,817
County Counsel	358,755	358,755	352,557	6,198
Financial Services	1,067,703	1,067,703	989,832	77,871
Human Resources	518,284	518,284	479,394	38,890
Information Technology	1,238,562	1,370,682	1,364,157	6,525
Building Facilities	2,575,713	2,575,713	2,556,845	18,868
Nondepartmental	3,996,000	3,996,000	1,750,861	2,245,139
Commission on Children and Families	912,745	1,218,353	954,171	264,182
Building Department	1,713,675	1,713,675	1,512,600	201,075
District Attorney	1,924,159	1,984,159	1,943,218	40,941
Solid Waste Operations	3,505,174	3,505,174	2,871,384	633,790
Veterans Services	267,124	267,124	244,659	22,465
Museum	402,469	547,764	496,044	51,720
Parks	1,893,695	1,893,695	1,893,643	52
Library	2,823,029	2,823,029	2,562,037	260,992
Contingency account	1,500,000	1,494,000		1,494,000
Total expenditures	<u>35,016,875</u>	<u>35,716,898</u>	<u>29,430,648</u>	<u>6,286,250</u>
Excess of revenues over expenditures	<u>5,173,263</u>	<u>4,990,342</u>	<u>8,973,504</u>	<u>3,983,162</u>
Other financing sources (uses):				
Transfers in	3,084,799	3,084,799	3,084,799	
Transfers out	(8,071,547)	(8,099,497)	(6,599,408)	1,500,089
Note receivable collections	9,250	9,250	9,250	
Total other financing sources (uses)	<u>(4,977,498)</u>	<u>(5,005,448)</u>	<u>(3,505,359)</u>	<u>1,500,089</u>
Net change in fund balance	195,765	(15,106)	5,468,145	5,483,251
Fund balance, beginning	43,000,000	43,210,871	48,104,819	4,893,948
Fund balance, ending	<u>\$43,195,765</u>	<u>\$43,195,765</u>	<u>\$53,572,964</u>	<u>\$10,377,199</u>

Actual Expenditures by Function

General Government	Public Safety	Sanitation	Health and Welfare	Culture and Recreation	Capital Outlay
\$588,407					
144,059					
151,934					
159,354					
222,825					\$2,842
2,826,515					7,550
856,928					4,297
2,009,171					2,063
667,013					3,000
1,813,288					
349,014					3,543
989,832					
479,394					
1,244,033					120,124
2,376,553			\$143,816		36,476
1,750,861					
	\$949,381				4,790
	1,512,600				
	1,941,240				1,978
		\$2,768,687			102,697
			244,659		
				\$490,244	5,800
				1,564,892	328,751
				2,549,211	12,826
<u>\$16,629,181</u>	<u>\$4,403,221</u>	<u>\$2,768,687</u>	<u>\$388,475</u>	<u>\$4,604,347</u>	<u>\$636,737</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, 2008

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)		
	Original	Final			Highways and Streets	Capital Outlay
Revenues:						
Charges for services	\$78,500	\$78,500	\$125,104	\$46,604		
Permits, licenses and fines	93,300	93,300	67,514	(25,786)		
Intergovernmental:						
Federal forest receipts	14,446,775	14,446,775	14,417,126	(29,649)		
State motor vehicle fees	5,700,000	5,700,000	5,475,340	(224,660)		
Other	580,000	580,000	2,476,395	1,896,395		
Assessments			110,185	110,185		
Interest	3,200,000	3,200,000	3,787,872	587,872		
Other	51,600	51,600	227,987	176,387		
Total revenues	24,150,175	24,150,175	26,687,523	2,537,348		
						Actual Expenditures by Function
Expenditures:						
Administration	539,679	539,679	476,595	63,084	\$473,155	\$3,440
Engineering	17,325,463	16,981,463	16,492,415	489,048	3,248,300	13,244,115
Road Operations and Maintenance	13,048,333	13,048,333	11,621,317	1,427,016	11,483,237	138,080
Weighmaster	804,391	804,391	754,842	49,549	751,858	2,984
Total expenditures	31,717,866	31,373,866	29,345,169	2,028,697	\$15,956,550	\$13,388,619
Excess (deficiency) of revenues over expenditures	(7,567,691)	(7,223,691)	(2,657,646)	4,566,045		
Other financing sources (uses):						
Transfer out	(2,696,571)	(2,696,571)	(2,692,223)	4,348		
Additions to notes receivable		(344,000)	(343,968)	32		
Total other financing sources (uses)	(2,696,571)	(3,040,571)	(3,036,191)	4,380		
Net change in fund balance	(10,264,262)	(10,264,262)	(5,693,837)	4,570,425		
Fund balance, beginning	75,000,000	75,000,000	82,618,917	7,618,917		
Fund balance, ending	\$64,735,738	\$64,735,738	\$76,925,080	\$12,189,342		

DOUGLAS COUNTY, OREGON  
PUBLIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
for the year ended June 30, 2008

	<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	\$1,619,150	\$1,619,150	\$1,715,021	\$95,871		
Permits, licenses and fines	263,100	263,100	394,472	131,372		
Intergovernmental	3,196,358	3,536,258	3,806,904	270,646		
Property taxes	7,074,000	7,074,000	7,457,020	383,020		
Interest	45,000	45,000	94,280	49,280		
Other	228,683	228,683	284,121	55,438		
<b>Total revenues</b>	<b>12,426,291</b>	<b>12,766,191</b>	<b>13,751,818</b>	<b>985,627</b>		
Expenditures:						
Sheriff Enforcement	8,952,369	9,123,869	8,894,089	229,780	\$8,763,377	\$130,712
Sheriff Corrections	5,895,994	5,895,994	5,594,952	301,042	5,587,044	7,908
Parole and Probation	1,182,256	1,182,256	1,182,256		1,181,006	1,250
Douglas Interagency Narcotics Team	628,974	797,374	711,745	85,629	694,120	17,625
Communications and Electronics	2,114,232	2,154,232	2,082,843	71,389	2,081,443	1,400
<b>Total expenditures</b>	<b>18,773,825</b>	<b>19,153,725</b>	<b>18,465,885</b>	<b>687,840</b>	<b>\$18,306,990</b>	<b>\$158,895</b>
Excess (deficiency) of revenues over expenditures	(6,347,534)	(6,387,534)	(4,714,067)	1,673,467		
Other financing sources:						
Transfers in	5,934,979	5,934,979	4,930,542	(1,004,437)		
<b>Net change in fund balance</b>	<b>(412,555)</b>	<b>(452,555)</b>	<b>216,475</b>	<b>669,030</b>		
Fund balance, beginning	687,688	727,688	1,505,833	778,145		
<b>Fund balance, ending</b>	<b>\$275,133</b>	<b>\$275,133</b>	<b>\$1,722,308</b>	<b>\$1,447,175</b>		

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, 2008

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Actual Expenditures by Function</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Health and Welfare</u>	<u>Capital Outlay</u>
Revenues:						
Charges for services	\$975,861	\$975,861	\$1,097,520	\$121,659		
Permits, licenses and fines	181,287	181,287	193,402	12,115		
Intergovernmental	19,435,588	19,435,588	19,868,995	433,407		
Interest	63,000	63,000	35,099	(27,901)		
Other	182,549	182,549	261,276	78,727		
<b>Total revenues</b>	<u>20,838,285</u>	<u>20,838,285</u>	<u>21,456,292</u>	<u>618,007</u>		
Expenditures:						
Administration	1,708,086	1,708,086	1,697,108	10,978	\$1,688,090	\$9,018
Senior and Disabilities Services	10,087,851	10,147,851	10,802,279	(654,428)	10,788,137	14,142
Community Health	4,306,592	4,306,592	4,303,385	3,207	4,248,208	55,177
Mental Health	4,626,548	4,626,548	4,511,172	115,376	4,489,061	22,111
Transportation Services	1,650,490	1,650,490	1,139,760	510,730	805,852	333,908
<b>Total expenditures</b>	<u>22,379,567</u>	<u>22,439,567</u>	<u>22,453,704</u>	<u>(14,137)</u>	<u>\$22,019,348</u>	<u>\$434,356</u>
Excess (deficiency) of revenues over expenditures	<u>(1,541,282)</u>	<u>(1,601,282)</u>	<u>(997,412)</u>	<u>603,870</u>		
Other financing sources (uses):						
Transfers in	2,276,497	2,336,497	2,336,497			
Transfers out	(657,490)	(657,490)	(657,490)			
<b>Total other financing sources (uses)</b>	<u>1,619,007</u>	<u>1,679,007</u>	<u>1,679,007</u>	<u>-</u>		
<b>Net change in fund balance</b>	<u>77,725</u>	<u>77,725</u>	<u>681,595</u>	<u>603,870</u>		
Fund balance, beginning	<u>1,387,038</u>	<u>1,387,038</u>	<u>1,228,011</u>	<u>(159,027)</u>		
<b>Fund balance, ending</b>	<u>\$1,464,763</u>	<u>\$1,464,763</u>	<u>\$1,909,606</u>	<u>\$444,843</u>		

DOUGLAS COUNTY, OREGON  
NOTES TO BUDGET AND ACTUAL SCHEDULES  
MAJOR GOVERNMENTAL FUNDS  
June 30, 2008

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	\$5,468,145	(\$5,693,837)
The change in fair value of investments is not recorded on a budgetary basis since investments are held to maturity	(501,297)	(845,867)
Accounts Receivable converted to Note receivable where a reserve is established for a financial resource not available for current use		343,968
Net change in fund balances - GAAP basis	\$4,966,848	(\$6,195,736)

A reconciliation of the June 30, 2008 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, 2007	\$53,572,964	\$76,925,080
Loans receivable from others treated as other financing uses on budgetary basis		343,968
Refundable deposit treated as expenditure on budgetary basis	759,461	
Inventories treated as expenditures on budgetary basis		2,461,398
Investments adjusted to fair value	(324,190)	(486,285)
Fund balances, GAAP basis, June 30, 2008	\$54,008,235	\$79,244,161

COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES

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# 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, 2008

	Special Revenue Funds				
	Dog Control	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board
<b>ASSETS</b>					
Cash and investments	\$9,516	\$55,970	\$32,009	\$4,244,581	\$430,711
Receivables		10,743	2,428	575,623	
Due from other funds	27,950	2,774			363
Deposits and prepaid items	15,500	75			4,273
Interfund loan receivable				2,361,529	
Total assets	<u>\$52,966</u>	<u>\$69,562</u>	<u>\$34,437</u>	<u>\$7,181,733</u>	<u>\$435,347</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable					\$2,675
Accrued payroll, withholdings and benefits	\$9,610			\$19,948	35,068
Due to other funds	10,018	\$6,726	\$30,710	63,727	24,349
Deferred revenues					
Total liabilities	<u>19,628</u>	<u>6,726</u>	<u>30,710</u>	<u>83,675</u>	<u>62,092</u>
Fund Balances:					
Reserved for:					
Interfund loans receivable				2,361,529	
Notes receivable				574,470	
Deposits and prepaid items	15,500	75			4,273
Unreserved, reported in:					
Special Revenue Funds	17,838	62,761	3,727	4,162,059	368,982
Capital Project Funds					
Total fund balances	<u>33,338</u>	<u>62,836</u>	<u>3,727</u>	<u>7,098,058</u>	<u>373,255</u>
Total liabilities and fund balances	<u>\$52,966</u>	<u>\$69,562</u>	<u>\$34,437</u>	<u>\$7,181,733</u>	<u>\$435,347</u>

Special Revenue Funds						Capital	Total
Industrial	Salmon	County	Water	Drug	Title III	Projects	Nonmajor
Development	Habitat	Schools	Development	Abuse		Fund	Governmental
	Improvement			Prevention			Funds
\$2,530,209	\$9,130	\$57,742	\$1,577,128	\$1,198,227	\$4,771,233	\$4,900,573	\$19,817,029
2,788,997			199,170	48,498		28,704	3,654,163
			395				31,482
			395				20,243
							2,361,529
<u>\$5,319,206</u>	<u>\$9,130</u>	<u>\$57,742</u>	<u>\$1,777,088</u>	<u>\$1,246,725</u>	<u>\$4,771,233</u>	<u>\$4,929,277</u>	<u>\$25,884,446</u>
						\$30,087	\$32,762
			\$15,409				80,035
\$32,886			77,897	\$61,657	\$15,172	234,034	557,176
1,257,415			2,250				1,259,665
<u>1,290,301</u>	<u>-</u>	<u>-</u>	<u>95,556</u>	<u>61,657</u>	<u>15,172</u>	<u>264,121</u>	<u>1,929,638</u>
							2,361,529
1,368,153			395				1,942,623
							20,243
2,660,752	\$9,130	\$57,742	1,681,137	1,185,068	4,756,061		14,965,257
						4,665,156	4,665,156
<u>4,028,905</u>	<u>9,130</u>	<u>57,742</u>	<u>1,681,532</u>	<u>1,185,068</u>	<u>4,756,061</u>	<u>4,665,156</u>	<u>23,954,808</u>
<u>\$5,319,206</u>	<u>\$9,130</u>	<u>\$57,742</u>	<u>\$1,777,088</u>	<u>\$1,246,725</u>	<u>\$4,771,233</u>	<u>\$4,929,277</u>	<u>\$25,884,446</u>

DOUGLAS COUNTY, OREGON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Revenue Funds				
	Dog Control	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board
Revenues:					
Charges for services	\$37,155	\$1,296			\$1,255,751
Permits, licenses and fines	106,319	123,536	\$50,079		
Intergovernmental					49,405
Interest	385	2,575	575	\$228,777	19,342
Other	397			432,788	616,984
Total revenues	<u>144,256</u>	<u>127,407</u>	<u>50,654</u>	<u>661,565</u>	<u>1,941,482</u>
Expenditures:					
Current:					
General Government	710,206	87,425		1,064,324	
Health and Welfare					
Culture and Recreation					1,872,026
Conservation					
Education					
Capital outlay				1,054	
Debt service:					
Principal					
Interest					
Total expenditures	<u>710,206</u>	<u>87,425</u>	<u>-</u>	<u>1,065,378</u>	<u>1,872,026</u>
Excess (deficiency) of revenues over expenditures	<u>(565,950)</u>	<u>39,982</u>	<u>50,654</u>	<u>(403,813)</u>	<u>69,456</u>
Other financing sources (uses):					
Transfers in	556,191			60,000	
Transfers out		(33,250)	(47,000)	(183,300)	
Total other financing sources (uses)	<u>556,191</u>	<u>(33,250)</u>	<u>(47,000)</u>	<u>(123,300)</u>	<u>-</u>
Net change in fund balances	(9,759)	6,732	3,654	(527,113)	69,456
Fund balances, beginning	<u>43,097</u>	<u>56,104</u>	<u>73</u>	<u>7,625,171</u>	<u>303,799</u>
Fund balances, ending	<u>\$33,338</u>	<u>\$62,836</u>	<u>\$3,727</u>	<u>\$7,098,058</u>	<u>\$373,255</u>

Special Revenue Funds						Capital	Total
Industrial	Salmon	County	Water	Drug		Projects	Nonmajor
Development	Habitat	Schools	Development	Abuse	Title III	Fund	Governmental
	Improvement			Prevention			Funds
			\$880,788				\$2,174,990
							279,934
\$536,063	\$11,138	\$5,176,693	210,252	\$295,682	\$7,753,615		14,032,848
126,384	277	53,178	68,548	59,933	169,123	\$228,234	957,331
39,929		1,456	6,265				1,097,819
<u>702,376</u>	<u>11,415</u>	<u>5,231,327</u>	<u>1,165,853</u>	<u>355,615</u>	<u>7,922,738</u>	<u>228,234</u>	<u>18,542,922</u>
244,236	11,138				4,912,622	130,491	7,160,442
				248,996			248,996
							1,872,026
			922,615				922,615
		5,185,592					5,185,592
			32,558		15,172	321,991	370,775
91,321							91,321
82,357							82,357
<u>417,914</u>	<u>11,138</u>	<u>5,185,592</u>	<u>955,173</u>	<u>248,996</u>	<u>4,927,794</u>	<u>452,482</u>	<u>15,934,124</u>
284,462	277	45,735	210,680	106,619	2,994,944	(224,248)	2,608,798
			(59,600)	(194,809)	(473,749)		616,191
							(991,708)
			(59,600)	(194,809)	(473,749)		(375,517)
284,462	277	45,735	151,080	(88,190)	2,521,195	(224,248)	2,233,281
<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>\$4,028,905</u>	<u>\$9,130</u>	<u>\$57,742</u>	<u>\$1,681,532</u>	<u>\$1,185,068</u>	<u>\$4,756,061</u>	<u>\$4,665,156</u>	<u>\$23,954,808</u>

DOUGLAS COUNTY, OREGON  
DOG CONTROL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
for the year ended June 30, 2008

	<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	\$33,000	\$33,000	\$37,155	\$4,155
Permits, licenses and fines	101,000	101,000	106,319	5,319
Interest	500	500	385	(115)
Other			397	397
			<u>397</u>	<u>397</u>
 Total revenues	 <u>134,500</u>	 <u>134,500</u>	 <u>144,256</u>	 <u>9,756</u>
 Expenditures:				
General Government:				
Dog Control Operations	466,241	488,191	485,028	3,163
Predatory Animal Control	163,500	163,500	161,905	1,595
Animal Shelter	55,200	64,629	63,273	1,356
			<u>63,273</u>	<u>1,356</u>
 Total expenditures	 <u>684,941</u>	 <u>716,320</u>	 <u>710,206</u>	 <u>6,114</u>
 Excess (deficiency) of revenues over expenditures	 (550,441)	 (581,820)	 (565,950)	 15,870
 Other financing sources:				
Transfers in	528,241	556,191	556,191	
			<u>556,191</u>	
 Net change in fund balance	 (22,200)	 (25,629)	 (9,759)	 15,870
 Fund balance, beginning	 <u>22,200</u>	 <u>25,629</u>	 <u>43,097</u>	 <u>17,468</u>
 Fund balance, ending	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$33,338</u>	 <u>\$33,338</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$605	\$605	\$1,296	\$691
Permits, licenses and fines	113,500	113,500	123,536	10,036
Interest	2,500	2,500	2,575	75
	<u>116,605</u>	<u>116,605</u>	<u>127,407</u>	<u>10,802</u>
Total revenues				
Expenditures:				
General Government:				
Materials and services	87,444	87,444	87,425	19
	<u>87,444</u>	<u>87,444</u>	<u>87,425</u>	<u>19</u>
Total expenditures				
Excess of revenues over expenditures	29,161	29,161	39,982	10,821
Other financing sources (uses):				
Transfers out	(33,250)	(33,250)	(33,250)	
Net change in fund balance	(4,089)	(4,089)	6,732	10,821
Fund balance, beginning	48,000	48,000	56,104	8,104
Fund balance, ending	<u>\$43,911</u>	<u>\$43,911</u>	<u>\$62,836</u>	<u>\$18,925</u>

DOUGLAS COUNTY, OREGON  
LIQUOR LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
for the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits, licenses and fines	\$46,500	\$46,500	\$50,079	\$3,579
Interest	500	500	575	75
Total revenues	47,000	47,000	50,654	3,654
Other financing sources (uses):				
Transfers out	(47,000)	(47,000)	(47,000)	
Net change in fund balance			3,654	3,654
Fund balance, beginning			73	73
Fund balance, ending	\$ -	\$ -	\$3,727	\$3,727

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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$155,000	\$155,000	\$228,777	\$73,777
Other:				
County timber sales	697,000	697,000	413,081	(283,919)
Other miscellaneous	21,040	21,040	19,707	(1,333)
Total revenues	<u>873,040</u>	<u>873,040</u>	<u>661,565</u>	<u>(211,475)</u>
Expenditures:				
General Government:				
Personal services	462,545	462,545	433,237	29,308
Materials and services	662,175	662,175	631,087	31,088
Capital outlay	1,000,000	940,000	1,054	938,946
Contingency account	10,000	10,000		10,000
Total expenditures	<u>2,134,720</u>	<u>2,074,720</u>	<u>1,065,378</u>	<u>1,009,342</u>
Excess (deficiency) of revenues over expenditures	<u>(1,261,680)</u>	<u>(1,201,680)</u>	<u>(403,813)</u>	<u>797,867</u>
Other financing sources (uses):				
Transfers in	60,000	60,000	60,000	
Transfers out	(123,300)	(183,300)	(183,300)	
Notes receivable collections	500	500	33,342	32,842
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	(84,800)	(84,800)	(50,360)	34,440
Total other financing sources (uses)	<u>(147,600)</u>	<u>(207,600)</u>	<u>(140,318)</u>	<u>67,282</u>
Net change in fund balance	(1,409,280)	(1,409,280)	(544,131)	865,149
Fund balance, beginning	<u>3,500,000</u>	<u>3,500,000</u>	<u>4,706,190</u>	<u>1,206,190</u>
Fund balance, ending	<u>\$2,090,720</u>	<u>\$2,090,720</u>	<u>\$4,162,059</u>	<u>\$2,071,339</u>
Total from above:				
Net change in fund balance			(\$544,131)	
Notes receivable collections			(33,342)	
Repayment of interfund loan			(2,361,529)	
Interfund loan			2,361,529	
Additions to notes receivable			<u>50,360</u>	
Net change in fund balance in Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>(\$527,113)</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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$1,165,730	\$1,165,730	\$1,255,751	\$90,021
Intergovernmental	46,456	46,456	49,405	2,949
Interest	2,000	2,000	19,342	17,342
Other	<u>637,003</u>	<u>637,003</u>	<u>616,984</u>	<u>(20,019)</u>
Total revenues	<u>1,851,189</u>	<u>1,851,189</u>	<u>1,941,482</u>	<u>90,293</u>
Expenditures:				
Culture and Recreation:				
Personal services	875,666	847,966	847,844	122
Materials and services	<u>1,015,523</u>	<u>1,043,223</u>	<u>1,024,182</u>	<u>19,041</u>
Total expenditures	<u>1,891,189</u>	<u>1,891,189</u>	<u>1,872,026</u>	<u>19,163</u>
Net change in fund balance	(40,000)	(40,000)	69,456	109,456
Fund balance, beginning	<u>40,000</u>	<u>40,000</u>	<u>303,799</u>	<u>263,799</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$373,255</u>	<u>\$373,255</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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$550,000	\$550,000	\$536,063	(\$13,937)
Interest	95,000	95,000	126,384	31,384
Other	21,000	21,000	39,929	18,929
Total revenues	<u>666,000</u>	<u>666,000</u>	<u>702,376</u>	<u>36,376</u>
Expenditures:				
General Government:				
Materials and services	533,500	533,500	244,236	289,264
Debt service:				
Principal	93,000	88,000	91,321	(3,321)
Interest	87,000	92,000	82,357	9,643
Total expenditures	<u>713,500</u>	<u>713,500</u>	<u>417,914</u>	<u>295,586</u>
Excess (deficiency) of revenues over expenditures	<u>(47,500)</u>	<u>(47,500)</u>	<u>284,462</u>	<u>331,962</u>
Other financing sources (uses):				
Notes receivable collections	42,000	42,000	757,911	715,911
Additions to notes receivable	(400,000)	(400,000)	(149,228)	250,772
Total other financing sources (uses)	<u>(358,000)</u>	<u>(358,000)</u>	<u>608,683</u>	<u>966,683</u>
Net change in fund balance	(405,500)	(405,500)	893,145	1,298,645
Fund balance, beginning	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,767,607</u>	<u>767,607</u>
Fund balance, ending	<u>\$594,500</u>	<u>\$594,500</u>	<u>\$2,660,752</u>	<u>\$2,066,252</u>
Total from above:				
Net change in fund balance			\$893,145	
Additions to notes receivable			149,228	
Notes receivable collections			<u>(757,911)</u>	
Net change in fund balance as reported in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$284,462</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$30,000	\$30,000	\$11,138	(\$18,862)
Interest	200	200	277	77
	<u>30,200</u>	<u>30,200</u>	<u>11,415</u>	<u>(18,785)</u>
Total revenues				
Expenditures:				
General Government:				
Materials and services	<u>39,000</u>	<u>39,000</u>	<u>11,138</u>	<u>27,862</u>
Net change in fund balance	(8,800)	(8,800)	277	9,077
Fund balance, beginning	<u>8,800</u>	<u>8,800</u>	<u>8,853</u>	<u>53</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,130</u>	<u>\$9,130</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, 2008

	<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	\$4,815,592	\$4,815,592	\$4,805,709	(\$9,883)
Other	320,000	325,000	370,984	45,984
Interest	40,000	40,000	53,178	13,178
Other	5,000	5,000	1,456	(3,544)
Total revenues	<u>5,180,592</u>	<u>5,185,592</u>	<u>5,231,327</u>	<u>45,735</u>
Expenditures:				
Education:				
Materials and services	<u>5,180,592</u>	<u>5,185,592</u>	<u>5,185,592</u>	
Net change in fund balance	-	-	45,735	45,735
Fund balance, beginning			<u>12,007</u>	<u>12,007</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$57,742</u>	<u>\$57,742</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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Actual Expenditures by function</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Conservation</u>	<u>Capital Outlay</u>
Revenues:						
Charges for services	\$750,000	\$750,000	\$880,788	\$130,788		
Intergovernmental	85,000	85,000	210,252	125,252		
Interest	40,000	40,000	68,548	28,548		
Other			6,265	6,265		
Total revenues	<u>875,000</u>	<u>875,000</u>	<u>1,165,853</u>	<u>290,853</u>		
Expenditures:						
Galesville operations	1,232,455	1,195,255	853,133	342,122	\$820,575	\$32,558
Watermaster	68,111	105,311	102,040	3,271	102,040	
Contingency account	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>		
Total expenditures	<u>1,400,566</u>	<u>1,400,566</u>	<u>955,173</u>	<u>445,393</u>	<u>\$922,615</u>	<u>\$32,558</u>
Excess (deficiency) of revenues over expenditures	(525,566)	(525,566)	210,680	736,246		
Other financing sources (uses):						
Transfers out	<u>(59,600)</u>	<u>(59,600)</u>	<u>(59,600)</u>			
Net change in fund balance	(585,166)	(585,166)	151,080	736,246		
Fund balance, beginning	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,530,452</u>	<u>230,452</u>		
Fund balance, ending	<u>\$714,834</u>	<u>\$714,834</u>	<u>\$1,681,532</u>	<u>\$966,698</u>		

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$270,000	\$270,000	\$295,682	\$25,682
Interest	60,000	60,000	59,933	(67)
Total revenues	<u>330,000</u>	<u>330,000</u>	<u>355,615</u>	<u>25,615</u>
Expenditures:				
Health and Welfare:				
Materials and services	<u>1,405,191</u>	<u>1,405,191</u>	<u>248,996</u>	<u>1,156,195</u>
Total expenditures	<u>1,405,191</u>	<u>1,405,191</u>	<u>248,996</u>	<u>1,156,195</u>
Excess (deficiency) of revenues over expenditures	(1,075,191)	(1,075,191)	106,619	1,181,810
Other financing sources (uses):				
Transfers out	<u>(194,809)</u>	<u>(194,809)</u>	<u>(194,809)</u>	
Net change in fund balance	(1,270,000)	(1,270,000)	(88,190)	1,181,810
Fund balance, beginning	<u>1,270,000</u>	<u>1,270,000</u>	<u>1,273,258</u>	<u>3,258</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,185,068</u>	<u>\$1,185,068</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$7,767,235	\$7,767,235	\$7,753,615	(\$13,620)
Interest	<u>60,000</u>	<u>60,000</u>	<u>169,123</u>	<u>109,123</u>
Total revenues	<u>7,827,235</u>	<u>7,827,235</u>	<u>7,922,738</u>	<u>95,503</u>
Expenditures:				
General Government:				
Materials and Services	8,153,486	8,153,486	4,912,622	3,240,864
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>15,172</u>	<u>84,828</u>
Total expenditures	<u>8,253,486</u>	<u>8,253,486</u>	<u>4,927,794</u>	<u>3,325,692</u>
Excess (deficiency) of revenues over expenditures	(426,251)	(426,251)	2,994,944	3,421,195
Other financing sources (uses):				
Transfers out	<u>(473,749)</u>	<u>(473,749)</u>	<u>(473,749)</u>	
Net change in fund balance	(900,000)	(900,000)	2,521,195	3,421,195
Fund balance, beginning	<u>900,000</u>	<u>900,000</u>	<u>2,234,866</u>	<u>1,334,866</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,756,061</u>	<u>\$4,756,061</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$120,000	\$120,000	\$228,234	\$108,234
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>228,234</u>	<u>108,234</u>
Expenditures:				
General Government:				
Personal services	20,000	20,000	2,927	17,073
Material and services	250,000	250,000	127,564	122,436
Capital Outlay	<u>390,000</u>	<u>390,000</u>	<u>321,991</u>	<u>68,009</u>
Total expenditures	<u>660,000</u>	<u>660,000</u>	<u>452,482</u>	<u>207,518</u>
Excess (deficiency) of revenues over expenditures	(540,000)	(540,000)	(224,248)	315,752
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>                    </u>	<u>(500,000)</u>
Net change in fund balance	(40,000)	(40,000)	(224,248)	(184,248)
Fund balance, beginning	<u>4,040,000</u>	<u>4,040,000</u>	<u>4,889,404</u>	<u>849,404</u>
Fund balance, ending	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$4,665,156</u>	<u>\$665,156</u>

# ENTERPRISE FUNDS

## Major Fund

### **Salmon Harbor Fund**

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

## Nonmajor Fund

### **Glide-Idleld Sewer Fund**

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

DOUGLAS COUNTY, OREGON  
SALMON HARBOR FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
for the year ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$1,256,758	\$1,256,758	\$1,216,381	(\$40,377)
Intergovernmental	875,962	875,962	664,387	(211,575)
Interest	25,000	25,000	43,162	18,162
Other	374,453	374,453	401,181	26,728
Total revenues	<u>2,532,173</u>	<u>2,532,173</u>	<u>2,325,111</u>	<u>(207,062)</u>
Expenditures:				
Personal services	758,156	758,156	745,693	12,463
Materials and services	1,262,009	1,262,009	1,066,394	195,615
Capital outlay	1,062,008	1,062,008	522,917	539,091
Total expenditures	<u>3,082,173</u>	<u>3,082,173</u>	<u>2,335,004</u>	<u>747,169</u>
Excess (deficiency) of revenues over expenditures	<u>(550,000)</u>	<u>(550,000)</u>	<u>(9,893)</u>	<u>540,107</u>
Other financing sources (uses):				
Interfund loan proceeds	2,361,529	2,361,529	2,361,529	
Repayment of interfund loan	<u>(2,361,529)</u>	<u>(2,361,529)</u>	<u>(2,361,529)</u>	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(550,000)	(550,000)	(9,893)	540,107
Total fund balance-beginning	<u>550,000</u>	<u>550,000</u>	<u>831,431</u>	<u>281,431</u>
Total fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$821,538</u>	<u>\$821,538</u>
Total from above:				
Net change in fund balance			(\$9,893)	
Add (Deduct):				
Capitalized expenditures			500,392	
Repayment of interfund loan			2,361,529	
Change in inventories			5,953	
Depreciation			(204,463)	
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>\$291,989</u>	

DOUGLAS COUNTY, OREGON  
 GLIDE-IDLEYLD SEWER FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 for the year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Charges for services	\$401,354	\$401,354	\$360,617	(\$40,737)
Interest	18,000	18,000	21,635	3,635
Total revenues	<u>419,354</u>	<u>419,354</u>	<u>382,252</u>	<u>(37,102)</u>
Expenditures:				
Materials and services	792,154	792,154	382,323	409,831
Total expenditures	<u>792,154</u>	<u>792,154</u>	<u>382,323</u>	<u>409,831</u>
Excess (deficiency) of revenues over expenditures	(372,800)	(372,800)	(71)	372,729
Other financing sources (uses):				
Transfers out	(27,200)	(27,200)	(27,200)	
Net change in fund balance	(400,000)	(400,000)	(27,271)	372,729
Fund balance-beginning	400,000	400,000	443,719	43,719
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$416,448</u>	<u>\$416,448</u>
Total from above:				
Net change in fund balance			(\$27,271)	
Less: Depreciation			<u>(175,640)</u>	
Change in net assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>(\$202,911)</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, 2008

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$6,391,234	\$1,154,744	\$7,545,978
Receivables		6,028	6,028
Due from other funds	17,153	413,421	430,574
Inventories		230,507	230,507
Deposits and prepaid expenses	31,866		31,866
	6,440,253	1,804,700	8,244,953
Total current assets			
Capital assets:			
Furniture and equipment		220,248	220,248
Vehicles and heavy equipment		3,817,640	3,817,640
Less accumulated depreciation		(3,071,136)	(3,071,136)
Total capital assets (net of accumulated depreciation)	-	966,752	966,752
Total assets	6,440,253	2,771,452	9,211,705
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,660		1,660
Accrued payroll, withholdings and benefits	845,914	43,862	889,776
Accrued compensated absences		52,414	52,414
Accrued claims liability	2,250,000		2,250,000
Due to other funds	214,234	97,680	311,914
	3,311,808	193,956	3,505,764
Total current liabilities			
<b>NET ASSETS</b>			
Invested in capital assets		966,752	966,752
Unrestricted	3,128,445	1,610,744	4,739,189
Total net assets	\$3,128,445	\$2,577,496	\$5,705,941

DOUGLAS COUNTY, OREGON  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
for the year ended June 30, 2008

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefit Trust</u>	<u>Fleet Management</u>	<u>Total</u>
Operating revenues:			
Interdepartmental charges	\$10,956,003	\$3,972,390	\$14,928,393
Other	979,847	31,759	1,011,606
Total operating revenues	<u>11,935,850</u>	<u>4,004,149</u>	<u>15,939,999</u>
Operating expenses:			
Salaries and wages	70,893	609,357	680,250
Payroll taxes and benefits		400,480	400,480
Premiums and operating expenses	11,017,299		11,017,299
Operating supplies and expenses		2,912,080	2,912,080
Utilities		67,969	67,969
Depreciation		371,170	371,170
Total operating expenses	<u>11,088,192</u>	<u>4,361,056</u>	<u>15,449,248</u>
Operating income (loss)	<u>847,658</u>	<u>(356,907)</u>	<u>490,751</u>
Nonoperating revenues and expenses:			
Interest income	295,686	37,836	333,522
Gain (loss) on sale of capital assets		21,668	21,668
Total nonoperating revenues and expenses	<u>295,686</u>	<u>59,504</u>	<u>355,190</u>
Change in net assets	1,143,344	(297,403)	845,941
Total net assets - beginning	<u>1,985,101</u>	<u>2,874,899</u>	<u>4,860,000</u>
Total net assets - ending	<u>\$3,128,445</u>	<u>\$2,577,496</u>	<u>\$5,705,941</u>

DOUGLAS COUNTY, OREGON  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
for the year ended June 30, 2008

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefit Trust</u>	<u>Fleet Management</u>	<u>Total</u>
Cash flow from operating activities:			
Receipts from customers	\$11,941,392	\$3,994,918	\$15,936,310
Payments to suppliers and contractors	(12,841,635)	(2,910,927)	(15,752,562)
Payments to employees	206,216	(1,001,372)	(795,156)
Other operating receipts		31,759	31,759
Net cash provided by (used in) operating activities	<u>(694,027)</u>	<u>114,378</u>	<u>(579,649)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets		26,002	26,002
Acquisition of capital assets		(205,887)	(205,887)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(179,885)</u>	<u>(179,885)</u>
Cash flows from investing activities:			
Interest received	295,686	37,836	333,522
Net increase (decrease) in cash and cash equivalents	(398,341)	(27,671)	(426,012)
Cash and cash equivalents, beginning	<u>6,789,575</u>	<u>1,182,415</u>	<u>7,971,990</u>
Cash and cash equivalents, ending	<u>\$6,391,234</u>	<u>\$1,154,744</u>	<u>\$7,545,978</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	<u>\$847,658</u>	<u>(\$356,907)</u>	<u>\$490,751</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation		371,170	371,170
(Increase) decrease in:			
Accounts receivable	4,937	(1,618)	3,319
Prepaid expenses and deposits	(29,366)		(29,366)
Inventories		133,528	133,528
Interfund receivables	605	24,146	24,751
Increase (decrease) in:			
Accounts payable	(1,144)		(1,144)
Accrued payroll, withholdings and benefits	278,429	5,392	283,821
Accrued compensated absences	(1,320)	3,073	1,753
Accrued claims liability	(750,000)		(750,000)
Interfund payables	<u>(1,043,826)</u>	<u>(64,406)</u>	<u>(1,108,232)</u>
Total adjustments	<u>(1,541,685)</u>	<u>471,285</u>	<u>(1,070,400)</u>
Net cash provided by (used in) operating activities	<u>(\$694,027)</u>	<u>\$114,378</u>	<u>(\$579,649)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Interdepartmental charges	\$12,745,642	\$12,745,642	\$10,956,003	(\$1,789,639)
Interest	35,000	35,000	295,686	260,686
Other	900,000	900,000	979,847	79,847
Total revenues	<u>13,680,642</u>	<u>13,680,642</u>	<u>12,231,536</u>	<u>(1,449,106)</u>
Expenditures:				
Personal services	60,613	72,213	70,893	1,320
Materials and services	13,954,549	13,942,949	11,017,299	2,925,650
Total expenditures	<u>14,015,162</u>	<u>14,015,162</u>	<u>11,088,192</u>	<u>2,926,970</u>
Net change in fund balance	(334,520)	(334,520)	1,143,344	1,477,864
Fund balance, beginning	<u>684,520</u>	<u>684,520</u>	<u>1,985,101</u>	<u>1,300,581</u>
Fund balance, ending	<u><u>\$350,000</u></u>	<u><u>\$350,000</u></u>	<u><u>\$3,128,445</u></u>	<u><u>\$2,778,445</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Interdepartmental charges	\$3,737,000	\$3,737,000	\$3,972,390	\$235,390
Interest	40,000	40,000	37,836	(2,164)
Other	57,500	57,500	57,761	261
Total revenues	<u>3,834,500</u>	<u>3,834,500</u>	<u>4,067,987</u>	<u>233,487</u>
Expenditures:				
Personal services	1,104,106	1,014,106	1,009,837	4,269
Materials and services	2,565,060	2,875,060	2,842,600	32,460
Capital outlay	153,000	213,000	209,807	3,193
Contingency account	600,000	320,000		320,000
Total expenditures	<u>4,422,166</u>	<u>4,422,166</u>	<u>4,062,244</u>	<u>359,922</u>
Net change in fund balance	(587,666)	(587,666)	5,743	593,409
Fund balance, beginning	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,374,494</u>	<u>274,494</u>
Fund balance, ending	<u>\$512,334</u>	<u>\$512,334</u>	<u>\$1,380,237</u>	<u>\$867,903</u>
Total from above:				
Net change in fund balance			\$5,743	
Add: Capitalized expenditures			205,887	
Less: Depreciation			(371,170)	
Capital asset disposals			(4,335)	
Change in inventories			<u>(133,528)</u>	
Change in net assets as reported in the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets			<u>(\$297,403)</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, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$1,549,928	\$79,508,301	\$79,626,169	\$1,432,060
Property taxes receivable	5,217,169	70,550,519	69,911,863	5,855,825
Accrued interest receivable	58,007	1,636,816	1,601,298	93,525
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total assets	<u>\$6,825,104</u>	<u>\$151,695,636</u>	<u>\$151,139,330</u>	<u>\$7,381,410</u>
<b>Liabilities:</b>				
Due to other governmental units	<u>\$6,825,104</u>	<u>\$151,695,636</u>	<u>\$151,139,330</u>	<u>\$7,381,410</u>

CAPITAL ASSETS  
USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS

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DOUGLAS COUNTY, OREGON  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE  
 June 30, 2008

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Governmental funds capital assets:

Land	\$12,248,938
Buildings and improvements	42,750,740
Furniture and equipment	17,045,845
Vehicles and heavy equipment	18,985,050
Dam structures and improvements	28,221,320
Infrastructure	312,349,026
Construction in progress	<u>29,256,057</u>
Total governmental funds capital assets	<u><u>\$460,856,976</u></u>

Investments in governmental funds capital assets by source:

General fund	\$43,301,329
Special revenue funds	385,758,643
Capital projects funds	29,094,571
Donations	<u>2,702,433</u>
Total governmental funds capital assets	<u><u>\$460,856,976</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, 2008

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	173,126				188,821
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				682,752				682,752
Juvenile			4,927,334	77,562	\$22,529			5,027,425
Law Library				16,982				16,982
Planning				101,026				101,026
Surveying				189,394				189,394
Other - Unclassified	723,757		13,899,901	709,152		\$894,178		16,226,988
<b>Total general government</b>	<b>3,491,228</b>	<b>-</b>	<b>18,842,930</b>	<b>3,143,030</b>	<b>22,529</b>	<b>894,178</b>	<b>-</b>	<b>26,393,895</b>
Public Safety:								
Communications				798,168				798,168
Building Inspection				293,988	61,326			355,314
Drug Abuse Prevention				113,739	44,700			158,439
Sheriff			2,162,220	8,893,472	146,001			11,201,693
District Attorney				152,448				152,448
Work Crew				45,933	57,858			103,791
<b>Total public safety</b>	<b>-</b>	<b>-</b>	<b>2,162,220</b>	<b>10,297,748</b>	<b>309,885</b>	<b>-</b>	<b>-</b>	<b>12,769,853</b>
Highways and Streets	649,300		2,857,601	1,649,233	13,780,556	300,799,491	\$24,641,850	344,378,031
Sanitation	1,299,430			340,346	4,062,472	10,655,357		16,357,605
Health and Welfare	467,544		3,893,883	743,088	449,968			5,554,483
Culture and Recreation:								
Parks	1,003,627		2,614,546	15,865	329,636			3,963,674
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
<b>Total culture and recreation</b>	<b>1,362,799</b>	<b>-</b>	<b>14,994,106</b>	<b>760,177</b>	<b>338,501</b>	<b>-</b>	<b>-</b>	<b>17,455,583</b>
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
<b>Total conservation</b>	<b>4,978,637</b>	<b>28,221,320</b>	<b>-</b>	<b>112,223</b>	<b>21,139</b>	<b>-</b>	<b>4,614,207</b>	<b>37,947,526</b>
<b>Total governmental funds capital assets</b>	<b>\$12,248,938</b>	<b>\$28,221,320</b>	<b>\$42,750,740</b>	<b>\$17,045,845</b>	<b>\$18,985,050</b>	<b>\$312,349,026</b>	<b>\$29,256,057</b>	<b>\$460,856,976</b>

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, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions and Transfers	Deletions and Transfers	Governmental Funds Capital Assets June 30, 2008
General Government:				
Board of Commissioners	\$26,780			\$26,780
County Assessor	252,190			252,190
County Clerk	405,339			405,339
County Counsel	6,108			6,108
Facilities	159,418	\$29,403		188,821
Finance - Taxation	480,658			480,658
Forest Management	1,937,203			1,937,203
Industrial Development	852,229			852,229
Information Technology	559,730	123,022		682,752
Juvenile	5,027,425			5,027,425
Law Library	16,982			16,982
Planning	65,476	35,550		101,026
Surveying	189,394			189,394
Other - Unclassified	<u>16,226,988</u>			<u>16,226,988</u>
Total general government	<u>26,205,920</u>	<u>187,975</u>	<u>-</u>	<u>26,393,895</u>
Public Safety:				
Communications	798,168			798,168
Building Inspection	355,314			355,314
Drug Abuse Prevention	152,799	5,640		158,439
Sheriff	11,138,644	63,049		11,201,693
District Attorney	152,448			152,448
Parole & Probation	<u>103,791</u>			<u>103,791</u>
Total public safety	<u>12,701,164</u>	<u>68,689</u>	<u>-</u>	<u>12,769,853</u>
Highways and Streets	<u>332,034,671</u>	<u>12,343,360</u>		<u>344,378,031</u>
Sanitation	<u>16,255,179</u>	<u>102,426</u>		<u>16,357,605</u>
Health and Welfare	<u>5,152,642</u>	<u>401,841</u>		<u>5,554,483</u>
Culture and Recreation:				
Parks	3,903,155	60,519		3,963,674
Library	4,372,506			4,372,506
Museum	1,361,131			1,361,131
County Fair	<u>7,758,272</u>			<u>7,758,272</u>
Total culture and recreation	<u>17,395,064</u>	<u>60,519</u>	<u>-</u>	<u>17,455,583</u>
Conservation:				
Land	2,186,304			2,186,304
Water	<u>35,761,222</u>			<u>35,761,222</u>
Total conservation	<u>37,947,526</u>	<u>-</u>	<u>-</u>	<u>37,947,526</u>
Total governmental funds' capital assets	<u>\$447,692,166</u>	<u>\$13,164,810</u>	<u>\$ -</u>	<u>\$460,856,976</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

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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 TURNSOVERS - ELECTED OFFICIALS  
 June 30, 2008

	County	Sheriff -	County	Justice of the Peace			District	County	Total	
	Clerk	Civil and Criminal	Surveyor	Canyonville	Reedsport	Drain	Glendale	Attorney		Assessor
Cash, July 1, 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>
Receipts	<u>1,258,152</u>	<u>4,014,872</u>	<u>141,333</u>	<u>780,724</u>	<u>418,054</u>	<u>304,030</u>	<u>250,085</u>	<u>481,863</u>	<u>16,978</u>	<u>7,666,091</u>
Turnovers:										
County Treasurer	1,261,114	3,666,193	140,633	528,196	222,838	193,202	143,207	440,648	17,116	6,613,147
Others		350,645		297,722	177,205	121,966	109,999	41,235		1,098,772
Total turnovers	<u>1,261,114</u>	<u>4,016,838</u>	<u>140,633</u>	<u>825,918</u>	<u>400,043</u>	<u>315,168</u>	<u>253,206</u>	<u>481,883</u>	<u>17,116</u>	<u>7,711,919</u>
Cash, June 30, 2008	<u>\$12,323</u>	<u>\$6,748</u>	<u>\$995</u>	<u>\$49,635</u>	<u>\$67,730</u>	<u>\$23,774</u>	<u>\$20,359</u>	<u>\$300</u>	<u>\$50</u>	<u>\$181,914</u>

DOUGLAS COUNTY, OREGON  
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES  
for the year ended June 30, 2008

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2007</u>	<u>Current Levy As Extended By Assessor</u>	<u>Deduct Discounts Allowed</u>	<u>Corrections and Adjustments</u>	<u>Deduct Cash Collections</u>	<u>Taxes Receivable June 30, 2008</u>
2008		<u>\$79,657,295</u>	<u>\$1,928,604</u>	<u>\$10,861</u>	<u>\$73,976,489</u>	<u>\$3,763,063</u>
2007	\$3,032,002			73,603	1,699,096	1,406,509
2006	1,435,822			80,459	728,540	787,741
2005	798,436			96,551	560,109	334,878
2004	335,509			68,259	338,463	65,305
2003	57,707			(1,641)	21,594	34,472
2002	40,872			(2,703)	7,406	30,763
2001 & prior	<u>69,000</u>			<u>2,267</u>	<u>16,460</u>	<u>54,807</u>
	<u>5,769,348</u>			<u>316,795</u>	<u>3,371,668</u>	<u>2,714,475</u>
	<u>\$5,769,348</u>	<u>\$79,657,295</u>	<u>\$1,928,604</u>	<u>\$327,656</u>	<u>\$77,348,157</u>	<u>\$6,477,538</u>

Summary by fund and fund type:

Special Revenue Fund - Public Safety Fund	\$7,436,294	\$621,713
Agency Funds	<u>69,911,863</u>	<u>5,855,825</u>
	<u>\$77,348,157</u>	<u>\$6,477,538</u>

DOUGLAS COUNTY, OREGON  
 SCHEDULE OF PROPERTY TAXES RECEIVABLE BY LEVY YEAR BY FUND  
 for the year ended June 30, 2008

<u>Tax Year</u>	<u>Public Safety</u>	<u>Agency</u>	<u>Total</u>
2008	\$361,467	\$3,401,596	\$3,763,063
2007	135,884	1,270,625	1,406,509
2006	75,304	712,437	787,741
2005	31,691	303,187	334,878
2004	6,006	59,299	65,305
2003	3,180	31,292	34,472
2002	2,832	27,931	30,763
2001 & prior	5,349	49,458	54,807
	<u>\$621,713</u>	<u>\$5,855,825</u>	<u>\$6,477,538</u>

DOUGLAS COUNTY, OREGON  
 SCHEDULE OF PROPERTY TAX COLLECTIONS BY LEVY YEAR BY FUND  
 for the year ended June 30, 2008

Fiscal Year:	Public Safety	Agency	Total
2008	\$7,106,699	\$66,869,790	\$73,976,489
2007	166,169	1,532,927	1,699,096
2006	71,459	657,081	728,540
2005	54,997	505,112	560,109
2004	32,534	305,929	338,463
2003	2,089	19,505	21,594
2002	721	6,685	7,406
2001 & prior	1,626	14,834	16,460
	\$7,436,294	\$69,911,863	\$77,348,157

# STATISTICAL SECTION

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

	<u>Pages</u>
<b>Financial Trends</b>	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.	
<b>Revenue Capacity</b>	78-81
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	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.	
<b>Demographic and Economic Information</b>	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.	
<b>Operating Information</b>	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 Six Fiscal Years  
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets	\$202,661,814	\$200,857,392	\$201,416,885	\$201,914,503	\$206,299,495	\$208,319,872
Restricted	85,646,585	81,619,046	101,327,287	96,447,581	87,599,787	85,314,402
Unrestricted	48,166,867	57,319,008	55,371,500	55,941,820	58,919,553	65,331,979
Total governmental activities net assets	<u>\$336,475,266</u>	<u>\$339,795,446</u>	<u>\$358,115,672</u>	<u>\$354,303,904</u>	<u>\$352,818,835</u>	<u>\$358,966,253</u>
Business-type activities						
Invested in capital assets	\$6,179,015	\$5,844,712	\$6,012,331	\$5,726,588	\$5,384,506	\$5,504,796
Unrestricted (deficit)	(1,319,297)	(1,100,008)	(1,294,535)	(1,173,162)	(1,089,760)	(1,124,938)
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>	<u>\$4,379,858</u>
Primary government						
Invested in capital assets	\$208,840,829	\$206,702,104	\$207,429,216	\$207,641,091	\$211,684,001	\$213,824,668
Restricted	85,646,585	81,619,046	101,327,287	96,447,581	87,599,787	85,314,402
Unrestricted	46,847,570	56,219,000	54,076,965	54,768,658	57,829,793	64,207,041
Total primary government net assets	<u>\$341,334,984</u>	<u>\$344,540,150</u>	<u>\$362,833,468</u>	<u>\$358,857,330</u>	<u>\$357,113,581</u>	<u>\$363,346,111</u>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General government	\$17,451,257	\$23,851,478	\$26,999,463	\$26,668,475	\$26,470,243	\$24,499,159
Public safety	19,983,798	19,619,694	19,895,326	21,355,931	23,129,754	24,015,165
Highways and streets	23,376,082	23,612,089	23,575,513	25,739,885	28,071,514	24,686,312
Sanitation	4,174,368	1,007,499	5,662,893	9,495,022	4,044,886	3,700,068
Health and welfare	21,771,892	20,009,226	20,367,441	22,202,806	23,584,522	22,951,469
Culture and recreation	6,214,087	6,215,442	6,270,108	6,880,841	7,538,083	7,092,345
Conservation	1,091,557	995,030	1,104,040	1,197,024	1,401,630	1,343,613
Education	5,000,834	4,833,697	4,913,530	5,052,799	5,228,454	5,185,592
Interest on long-term debt	96,494	92,854	95,191	91,037	86,755	82,357
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>119,555,841</u>	<u>113,556,080</u>
Business-type activities:						
Sewer	444,985	456,770	505,431	543,981	539,392	557,963
Boat marina/RV park	1,803,003	1,587,054	1,692,677	1,793,854	1,962,142	2,037,088
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>	<u>2,595,051</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>\$122,057,375</u>	<u>\$116,151,131</u>
<b>Program Revenues</b>						
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	\$5,128,283
Public safety	2,795,756	2,920,030	2,957,182	3,649,083	3,774,827	3,807,339
Highways and streets	620,399	1,138,464	369,910	354,076	464,025	530,790
Sanitation	221,003	256,312	266,995	358,599	280,117	494,494
Health and welfare	1,230,154	1,121,973	1,147,052	1,041,295	1,409,166	1,555,363
Culture and recreation	1,908,793	2,310,455	2,255,379	2,495,116	2,524,056	2,571,126
Conservation	704,158	846,881	566,634	760,356	782,822	887,053
Education	433	319	405	977	1,035	1,456
Operating grants and contributions	49,758,483	57,968,857	79,187,360	59,190,528	60,274,316	63,494,806
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>	<u>78,470,710</u>
Business-type activities:						
Sewer System	328,746	360,118	348,318	371,111	368,559	360,617
Boat marina/RV Park	1,146,911	1,559,581	1,804,127	1,787,623	1,842,292	2,281,949
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>	<u>2,642,566</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>	<u>\$81,113,276</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	(\$38,395,971)	(\$27,959,915)	(\$17,577,531)	(\$45,998,769)	(\$44,474,332)	(\$35,085,370)
Business-type activities	(772,331)	(124,125)	(45,663)	(179,101)	(290,683)	47,515
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>(\$44,765,015)</u>	<u>(\$35,037,855)</u>
<b>General Revenues and Other Changes In Net Assets</b>						
Governmental activities:						
Property taxes	\$5,567,189	\$5,702,210	\$6,194,146	\$6,541,686	\$6,985,626	\$7,505,829
Unrestricted grants and contributions	27,215,189	24,458,015	24,963,801	25,443,814	26,611,362	26,420,505
Investment earnings	5,266,216	1,183,245	4,481,310	5,610,501	9,365,375	6,468,338
Gain (loss) on sale of assets	-	(86,375)	240,500	-	-	810,915
Transfers in (out)	(387,168)	23,000	18,000	21,000	26,900	27,200
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>	<u>41,232,787</u>
Business-type activities:						
Unrestricted grants and contributions	376,830	-	-	-	-	-
Investment earnings	34,223	32,111	36,755	35,731	58,903	64,797
Transfers in (out)	387,168	(23,000)	(18,000)	(21,000)	(26,900)	(27,200)
Total business-type activities	<u>798,221</u>	<u>9,111</u>	<u>18,755</u>	<u>14,731</u>	<u>32,003</u>	<u>37,597</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>	<u>\$41,270,384</u>
<b>Change in Net Assets</b>						
Governmental activities	(\$734,545)	\$3,320,180	\$18,320,226	(\$8,381,768)	(\$1,485,069)	\$6,147,417
Business-type activities	25,890	(115,014)	(26,908)	(164,370)	(258,680)	85,112
Total primary government	<u>(\$708,655)</u>	<u>\$3,205,166</u>	<u>\$18,293,318</u>	<u>(\$8,546,138)</u>	<u>(\$1,743,749)</u>	<u>\$6,232,529</u>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$416,106	\$784,148	\$785,753	\$775,242	\$784,342	\$858,603
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>	<u>53,149,632</u>
Total General Fund	<u><u>\$39,771,131</u></u>	<u><u>\$43,387,713</u></u>	<u><u>\$44,008,352</u></u>	<u><u>\$45,937,172</u></u>	<u><u>\$49,041,387</u></u>	<u><u>\$54,008,235</u></u>
All other governmental funds						
Reserved	\$5,526,296	\$5,874,929	\$5,561,566	\$6,146,904	\$6,818,524	\$7,154,460
Unreserved, reported in:						
Special revenue funds	94,054,031	92,232,760	111,993,130	106,579,090	97,531,833	95,011,267
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>	<u>4,665,156</u>
Total all other governmental funds	<u><u>\$103,678,421</u></u>	<u><u>\$102,578,779</u></u>	<u><u>\$122,656,735</u></u>	<u><u>\$117,711,068</u></u>	<u><u>\$109,239,761</u></u>	<u><u>\$106,830,883</u></u>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Revenues</b>						
Charges for services	\$6,975,632	\$7,316,840	\$7,105,616	\$8,289,775	\$9,109,044	\$9,784,371
Permits, licenses and fines	1,453,497	1,534,517	1,538,921	1,660,874	1,833,263	1,897,930
Intergovernmental	76,973,672	82,426,872	104,151,161	84,634,342	86,897,678	89,915,311
Property taxes	5,551,747	5,743,752	6,204,100	6,528,842	6,979,666	7,457,020
Assessments	171,274	85,190	55,589	49,096	148,074	110,348
Interest	5,266,216	1,090,148	4,368,378	5,447,405	9,109,136	6,134,816
Other	2,405,512	3,462,271	2,668,627	2,647,884	2,735,814	2,204,997
<b>Total revenues</b>	<b>98,797,550</b>	<b>101,659,590</b>	<b>126,092,392</b>	<b>109,258,218</b>	<b>116,812,675</b>	<b>117,504,793</b>
<b>Expenditures</b>						
General Government	16,646,215	22,960,152	23,343,694	23,956,813	25,104,116	23,789,623
Public Safety	19,528,084	19,512,601	18,946,280	20,839,181	21,821,551	22,710,211
Highways and Streets	14,271,136	14,651,686	14,591,256	15,678,959	16,308,164	15,956,550
Sanitation	2,278,076	2,390,361	2,362,647	2,731,040	2,825,943	2,768,687
Health and Welfare	21,294,183	19,982,666	20,092,523	21,969,776	23,151,310	22,656,819
Culture and Recreation	5,893,226	6,107,555	5,983,169	6,468,031	6,730,067	6,476,373
Conservation	692,951	588,843	708,265	791,608	998,348	922,615
Education	5,000,834	4,833,697	4,913,530	5,052,799	5,228,454	5,185,592
Capital outlay	10,633,507	11,148,782	13,921,545	14,629,475	19,809,684	14,989,382
Debt service						
Principal	71,458	73,409	81,429	86,615	88,909	91,321
Interest	96,494	92,854	95,191	91,037	86,755	82,357
<b>Total expenditures</b>	<b>96,406,164</b>	<b>102,342,606</b>	<b>105,039,529</b>	<b>112,295,334</b>	<b>122,153,301</b>	<b>115,629,530</b>
Excess (deficiency) of revenues over (under) expenditures	2,391,386	(683,016)	21,052,863	(3,037,116)	(5,340,626)	1,875,263
<b>Other financing sources (uses):</b>						
Transfers in	8,709,885	11,543,235	14,239,184	12,841,304	12,413,579	10,968,029
Transfers out	(9,097,053)	(11,520,235)	(14,521,184)	(12,874,304)	(12,386,679)	(10,940,829)
Proceeds from sale of capital assets		2,621,735				
<b>Total other financing sources (uses)</b>	<b>(387,168)</b>	<b>2,644,735</b>	<b>(282,000)</b>	<b>(33,000)</b>	<b>26,900</b>	<b>27,200</b>
<b>Net change in fund balances</b>	<b>\$2,004,218</b>	<b>\$1,961,719</b>	<b>\$20,770,863</b>	<b>(\$3,070,116)</b>	<b>(\$5,313,726)</b>	<b>\$1,902,463</b>
Debt service as a percentage of noncapital expenditures	0.19%	0.18%	0.19%	0.17%	0.16%	0.17%

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>
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%
2008	6,028,294,260	426,762,995	246,231,449	184,434,510	6,885,723,214	1.11	15,627,693,847	44.06%

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)

<u>Fiscal Year</u>	<u>Douglas County</u>	<u>Cities</u>	<u>Education Service District</u>	<u>School Districts</u>	<u>Fire Districts</u>	<u>Water Districts</u>	<u>Sanitary Districts</u>	<u>Other Special Purpose Districts</u>	<u>Total</u>
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
2008	1.11	5.07	0.40	4.42	1.44	0.00	2.42	1.32	16.18

Source: Douglas County Assessor's Department

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

Taxpayer	2008			1999		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Pacific Power/Pacificorp	\$266,509,000	1	3.87%	\$165,444,500	1	3.86%
Roseburg Forest Products	233,488,884	2	3.39%	98,029,219	2	2.29%
Weyerhaeuser Co	52,762,551	3	0.77%			
Swanson Group	44,746,838	4	0.65%			
Seneca Jones Timber	34,410,466	5	0.50%			
Qwest Corporation	29,517,000	6	0.43%			
Avista Corporation	24,085,100	7	0.35%			
Alcan Cable	23,824,111	8	0.35%	20,278,478	5	0.47%
Douglas Co Forest Products	23,452,102	9	0.34%			
Citizens Telecommunications	20,455,000	10	0.30%			
Pacific Northwest Bell				47,709,871	3	1.11%
International Paper Co				40,357,601	4	0.94%
Glenbrook Nickel Co				15,038,922	6	0.35%
	<u>\$753,251,052</u>		<u>10.94%</u>	<u>\$386,858,591</u>		<u>9.02%</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
1999	\$4,538,249	\$4,211,991	92.81 %	\$326,258	\$4,538,249	100.00 %	\$0	0.00 %
2000	4,673,621	4,366,454	93.43	303,133	4,669,587	99.91	4,034	0.09
2001	5,460,787	4,885,444	89.46	574,028	5,459,472	99.98	1,315	0.02
2002	5,417,410	5,100,441	94.15	314,137	5,414,578	99.95	2,832	0.05
2003	5,665,977	5,329,670	94.06	333,127	5,662,797	99.94	3,180	0.06
2004	5,800,851	5,514,820	95.07	280,025	5,794,845	99.90	6,006	0.10
2005	6,301,675	6,013,285	95.42	256,699	6,269,984	99.50	31,691	0.50
2006	6,662,399	6,378,537	95.74	208,558	6,587,095	98.87	75,304	1.13
2007	7,214,139	6,921,214	95.94	157,041	7,078,255	98.12	135,884	1.88
2008	7,651,298	7,289,831	95.28	0	7,289,831	95.28	361,467	4.72

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)				
	General Obligation Bonds	Percentage of Estimated Actual Value of Taxable Property	Notes Payable	Percentage of Personal Income (2)	Per Capita (2)
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
2008	N/A	N/A	1,475,365	0.050%	14.09

(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, 2008

<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	\$165,099	100.00 %	\$165,099
South Umpqua Rural Fire Protection District	1,075,000	100.00	1,075,000
Sutherlin Water Control District	126,703	100.00	126,703
Douglas County Fire District #2	2,615,000	100.00	2,615,000
Glide Rural Fire Protection District	33,719	100.00	33,719
Azalea Rural Fire Protection District	105,000	100.00	105,000
Douglas County School District No. 4	21,995,000	100.00	21,995,000
Douglas County School District No. 19	3,000,000	100.00	3,000,000
Douglas County School District No. 22	235,000	100.00	235,000
Douglas County School District No. 77	805,000	100.00	805,000
Douglas County School District No. 116	8,400,000	100.00	8,400,000
Douglas County School District No. 12	10,640,000	100.00	10,640,000
Douglas County School District No. 105	10,300,000	100.00	10,300,000
Douglas County School District No. 130	3,170,000	100.00	3,170,000
City of Canyonville	199,961	100.00	199,961
City of Glendale	97,431	100.00	97,431
City of Roseburg	9,620,000	100.00	9,620,000
City of Sutherlin	1,315,000	100.00	1,315,000
Lane County School District No. 28J	13,240,000	0.26	34,517
Lane County School District No. 45J3	25,655,000	0.19	47,667
Lane County School District No. 97J	13,030,000	0.40	51,977
Lane Community College	5,545,000	0.04	1,941
Lane ESD	8,135,000	0.04	3,498
Southwestern Oregon Community College	<u>12,180,000</u>	4.76	<u>579,975</u>
	<u>\$151,682,913</u>		<u>\$74,617,488</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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Debt Applicable To Limitation</u>	<u>Legal Debt Margin</u>	<u>Net Debt Applicable to the Limit as a Percentage of the Debt Limit</u>
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%
2008	312,553,877	0	312,553,877	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2008:**

Estimated Actual Value	<u>\$15,627,693,847</u>
Debt limit (2% of estimated actual value)(1)	\$312,553,877
Debt applicable to limit	<u>0</u>
Legal debt margin	<u>\$312,553,877</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

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2008	104,675	2,951,625,650	28,198	43.7	15,613	8.4%

Sources: Population and personal income provided by Portland State University Center for Population Research and Census. Per capita personal income provided by Bureau of Economic Analysis. Unemployment rate provided by Oregon Department of Employment. School enrollment provided by the National Center for Education Statistics. Median age provided by the U.S. Census Bureau.

n/a - not available

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

<u>Employer</u>	<u>2008</u>			<u>1999</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	2,500	1	6.29%	n/a	n/a	n/a
Mercy Healthcare, Inc	1,162	2	2.93%	n/a	n/a	n/a
Cow Creek Band of Umpqua Indians	1,035	3	2.61%	n/a	n/a	n/a
Douglas County	808	4	2.03%	n/a	n/a	n/a
VA Medical Center	741	5	1.87%	n/a	n/a	n/a
Roseburg School District	736	6	1.85%	n/a	n/a	n/a
Swanson Group	530	7	1.33%	n/a	n/a	n/a
Ingram Book Company	300	8	0.76%	n/a	n/a	n/a
US Marine	300	9	0.76%	n/a	n/a	n/a
Orengo Systems	300	10	0.76%	n/a	n/a	n/a
	<u>8,412</u>		<u>21.18%</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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
General Government										
Tax Assessment and Collection	38.00	38.00	34.00	34.75	33.85	32.75	32.25	32.25	33.00	27.00
Justices of the Peace	10.50	11.00	10.50	10.50	10.50	10.50	10.50	10.50	10.50	11.00
Juvenile Department	30.50	32.50	57.50	57.20	46.00	41.00	40.00	43.00	41.60	40.00
County Clerk	16.00	15.50	15.50	15.50	15.50	14.50	14.13	14.12	14.12	12.00
Planning	19.60	19.60	18.60	20.60	20.60	20.60	22.35	23.60	27.00	24.00
All other	53.85	52.85	53.00	54.00	97.05	96.45	94.87	103.72	85.72	91.50
Public Safety										
Sheriff	149.10	150.60	149.10	152.60	190.60	184.50	159.90	164.90	147.00	175.50
District Attorney	23.40	23.60	23.40	24.00	26.00	26.00	25.00	27.00	27.00	24.00
All other	33.00	33.00	34.00	34.00	34.10	35.11	36.11	39.11	62.25	21.00
Highways and Streets	113.00	114.00	116.00	116.00	120.80	120.89	118.89	120.89	121.75	115.00
Sanitation	16.50	18.50	17.50	18.50	18.50	18.50	18.50	18.50	18.50	19.00
Health and Welfare	191.52	198.44	210.73	232.99	227.45	187.85	185.85	179.10	187.83	159.00
Culture and Recreation										
Parks	23.00	23.00	21.00	21.66	21.00	21.00	21.75	21.66	21.00	20.00
Library	45.86	46.12	45.88	45.86	45.86	45.86	45.86	45.86	45.86	34.50
Fairgrounds	14.50	14.00	14.80	15.00	15.00	14.00	13.00	13.00	13.80	11.00
Museum	5.00	4.25	5.50	5.50	5.50	5.50	5.50	4.50	4.50	5.50
Conservation	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	6.00
Total governmental activities	<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>	<u>796.00</u>
Business-type activities:										
Salmon Harbor Marina/RV Park	6.00	8.00	9.50	10.00	10.00	10.00	10.00	11.00	12.00	12.00
Total employees	<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>	<u>808.00</u>

Source: Douglas County Finance Department

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General governmental activities:										
Public Safety										
Sheriff-Enforcement										
Citations issued	4,372	5,389	5,078	4,969	4,632	4,796	4,300	3,739	3,384	2,941
Warnings issued	6,161	8,107	8,992	9,353	10,083	8,161	5,055	3,878	5,954	6,986
Arrest reports	4,903	4,680	4,351	4,130	4,525	4,155	4,301	4,230	3,732	3,310
Sheriff-Jail										
Bookings	6,145	6,134	6,470	7,154	7,517	7,164	6,423	6,349	6,387	6,810
Average daily population	174	176	198	181	185	205	207	190	200	193
Communications										
Law Enforce reports	n/a	184,564	192,501	195,591	192,599	194,264	192,167	197,978	196,690	185,787
Fire/Medical reports	n/a	13,536	13,603	14,719	16,371	16,665	17,487	18,363	18,083	19,178
Building Department										
Building permits	950	1,002	986	1,020	1,091	1,269	1,432	1,354	1,278	1,437
Highways and Streets										
Miles of roads resurfaced	151.37	131.27	112.00	113.53	119.49	99.70	107.67	*	88.63	111.50
Sanitation										
Landfill annual waste disposal in tons	88,371	85,610	90,013	94,477	91,201	94,675	101,633	112,727	109,584	99,908
Health and Welfare										
Services to unduplicated clients:										
Mental Health	3,858	4,289	4,135	4,014	3,732	3,345	3,680	3,944	3,871	3,481
Public Health	24,908	24,756	19,775	20,969	17,186	18,000	20,926	20,259	19,321	18,514
Senior and DD Services	6,150	7,573	8,386	8,345	8,043	6,028	7,248	6,095	7,299	9,562
Environmental Health	6,689	5,357	6,325	6,116	6,450	6,357	6,160	4,760	1,324 #	0
Total ride count										
Transportation Services									85,494 ++	93,542
Culture and Recreation										
Park campgrounds annual usage	19,780	18,446	18,867	19,257	21,946	22,533	24,420	25,203	24,151	19,863
Conservation										
Galesville dam annual KWH produced	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	5,741,581
Business-type activities:										
Salmon Harbor Marina										
RV Park average annual occupancy	**	**	**	48%	43%	43%	44%	45%	47%	45%
Glide/Idle/d sewer system										
Annual wastewater flow in gallons/day	138,917	136,333	142,333	138,917	142,250	162,417	125,043	159,667	145,083	140,197
Sewer connections	545	555	568	583	595	607	628	650	675	682

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 2008 Environmental Health activity is included in Public Health.

++ 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
Public Safety										
Sheriff										
Patrol vehicles	41	39	44	49	49	49	53	51	47	47
Adult correction facility	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Centerline miles of county roads	1,130	1,130	1,132	1,135	1,135	1,153	1,170	1,170	1,171	1,172
Bridges	n/a	n/a	n/a	n/a	n/a	n/a	294	294	294	294
Sanitation										
Landfill facility	1	1	1	1	1	1	1	1	1	1
Solid waste transfer sites	13	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	270	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	16	16	17	17	17	17	17	17	16
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**

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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 19, 2008

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, 2008, and have issued our report thereon dated December 19, 2008. 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.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.

## INDEPENDENT AUDITOR'S COMMENTS

(Disclosures and Comments Required by State Regulations)

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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, 2008 and June 30, 2009, and the execution of its budget for the fiscal year ended June 30, 2008,
- 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:

- As discussed in Note 2B to the financial statements, the County overexpended an appropriation in one fund.

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.