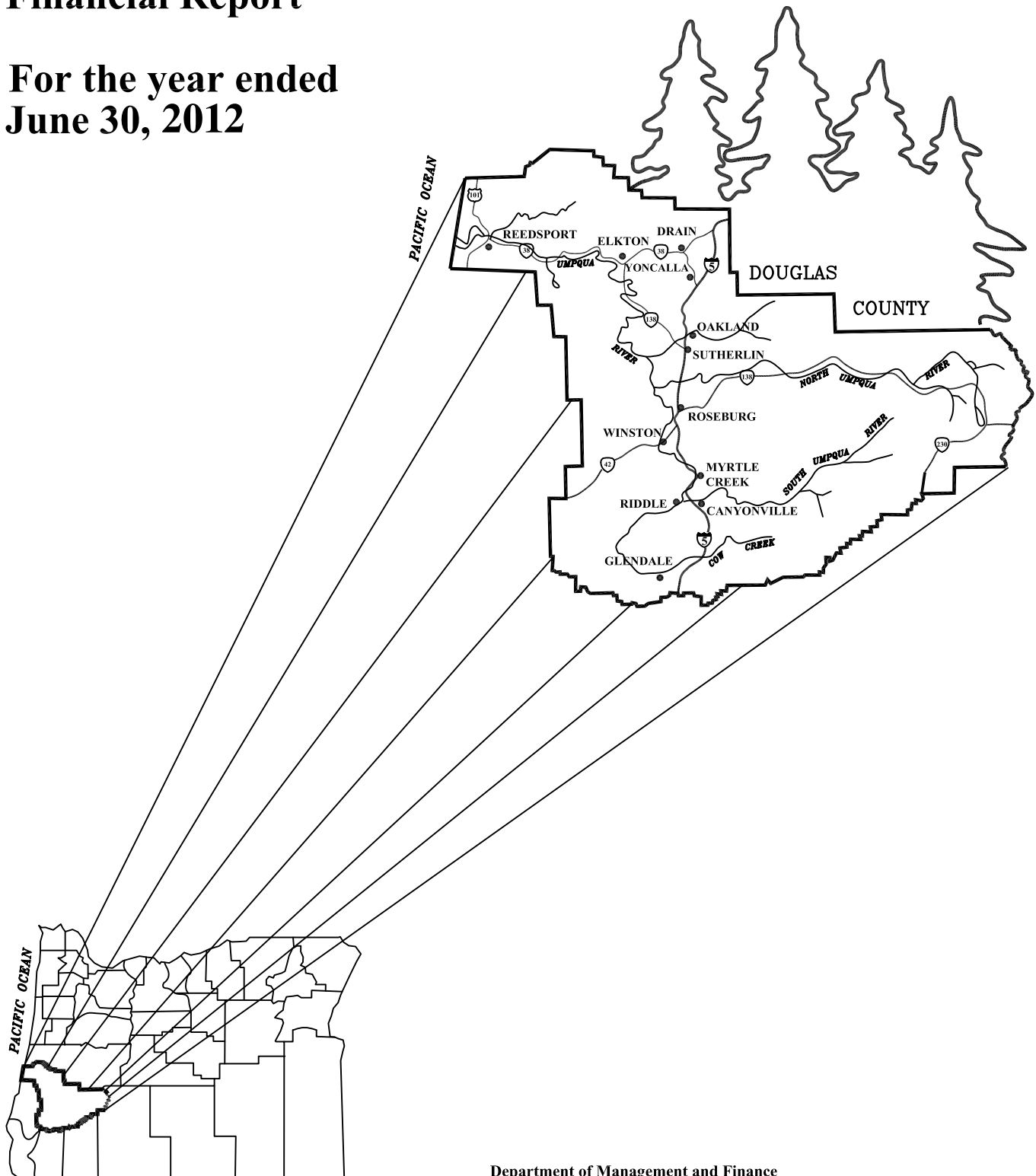


DOUGLAS COUNTY, OREGON

Comprehensive Annual Financial Report

For the year ended
June 30, 2012



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DOUGLAS COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ending June 30, 2012

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DOUGLAS COUNTY, OREGON
Comprehensive Annual Financial Report

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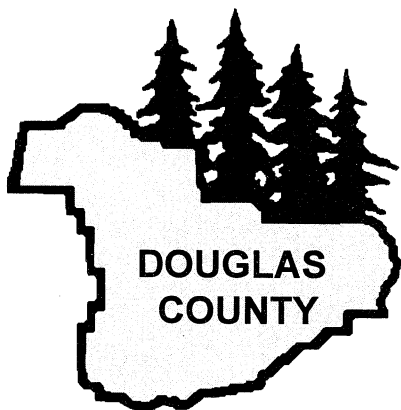
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INTRODUCTORY SECTION

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OFFICE OF MANAGEMENT AND FINANCE

County Courthouse – Roseburg, Oregon 97470

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

ACCOUNTS PAYABLE/PURCHASING

440-4247

PAYROLL

440-4250

December 27, 2012

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

Oregon law requires local governments to publish a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of certified public accountants licensed to perform audits of a municipal corporation. We are pleased to submit this Comprehensive Annual Financial Report (CAFR) of Douglas County, Oregon for the fiscal year ended June 30, 2012 in accordance with this requirement.

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, 2012, 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.

The independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not

only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

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

Profile of the Government

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. 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.

The financial reporting entity, Douglas County, includes all funds of Douglas County, as well as two component units. Component units are legally separate entities for which Douglas County is financially accountable. The County provides a full range of services, including sheriff's patrol and correction services; prosecution of criminals; justice courts; juvenile services; emergency management; construction and maintenance of roads, highways, bridges and other infrastructure; property assessment; tax collection; public health and mental health services; land use planning; election services; records maintenance; solid waste disposal; park maintenance; and a public library.

The annual budget serves as the foundation for the County's financial planning and control. The County adheres to Oregon Local Budget Law in the preparation, adoption and execution of the budget. The Board of Commissioners appoints a County Budget Officer to oversee the annual budget process. Requests submitted by County departments to the Budget Officer are used as the starting point for developing a proposed budget. The Budget Officer then presents the proposed budget to the County's Budget Committee for review and approval sometime in May. After approval by the Budget Committee, the Board of Commissioners is required to hold a public hearing on the approved budget and adopt a final budget by no later than June 30, the close of the preceding fiscal year. 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 fund for which an appropriated annual budget has been adopted.

Local economy

For years, Douglas County's economic base relied heavily on the lumber and wood products industry. This is not surprising when you consider that slightly over half of the County's land is owned by the federal government and is managed by the Bureau of Land Management and the Federal Forest Service.

With the decline of the wood products industry, Douglas County has made a concerted effort to bring new industry to the area to diversity the local economy. The population of the County has grown slowly. Current population is 107,795 as compared to a population of 101,300 in 2002. The increase in population has been largely from the migration of retirement age people from other states. The unemployment rate for the month of June 2012 in Douglas County was at 12%. While this was considerably higher than both the state rate of 8.5% and the national rate of 8.2%, it is considerably lower than Douglas County's 2009 rate of 17.2%.

Financial Outlook

Douglas County heads into fiscal 2013 with a continuing focus on maintenance of services. In 1992, environmental concerns brought timber sales to a near standstill. In 1995 the County began receiving federal revenues authorized through special legislation (Secure Rural Schools and Community Self-determination Act) that replaced lost revenues to communities dependent on timber revenues. Modified versions of this first legislation were passed in 2000 and again in 2008. The legislation, modified to reflect a continuing annual reduction in funding, was reauthorized for one final year in July, 2012. Title I of this reauthorization will provide the County a little over \$14 million for operations in fiscal 2013. This is down from \$39 million provided from this funding source in fiscal 2008.

Long-term financial planning

Federal funding through the Secure Rural Schools and Community Self-determination Act has accounted for a significant portion of the County's operating revenues for the last few years. The expiration of these payments along with the continued reduction in timber harvesting creates a major challenge for the County. The Board of Commissioners continues to work with elected officials to find solutions. During previous years, in anticipation of the potential loss of revenues, the Board worked to build fund balances in the General Fund and the Public Works Fund. In order to maintain levels of service during the current year, the County was required to use a portion of these fund balances. The Board continues to work with County departments and citizens to develop options regarding revenue replacement and/or reductions in services in future years.

Awards and acknowledgements

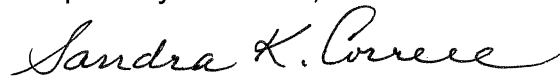
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the 24th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual 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. We extend our sincere appreciation to all in the department who assisted and contributed to the preparation of this report. Acknowledgment should also be given to the Board of Commissioners for their support in planning and conducting the financial operations of the County.

Respectfully Submitted,

A handwritten signature in black ink, reading "Sandra K. Correll". The signature is written in a cursive style with a large, stylized 'S' and 'C'.

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, 2011

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.



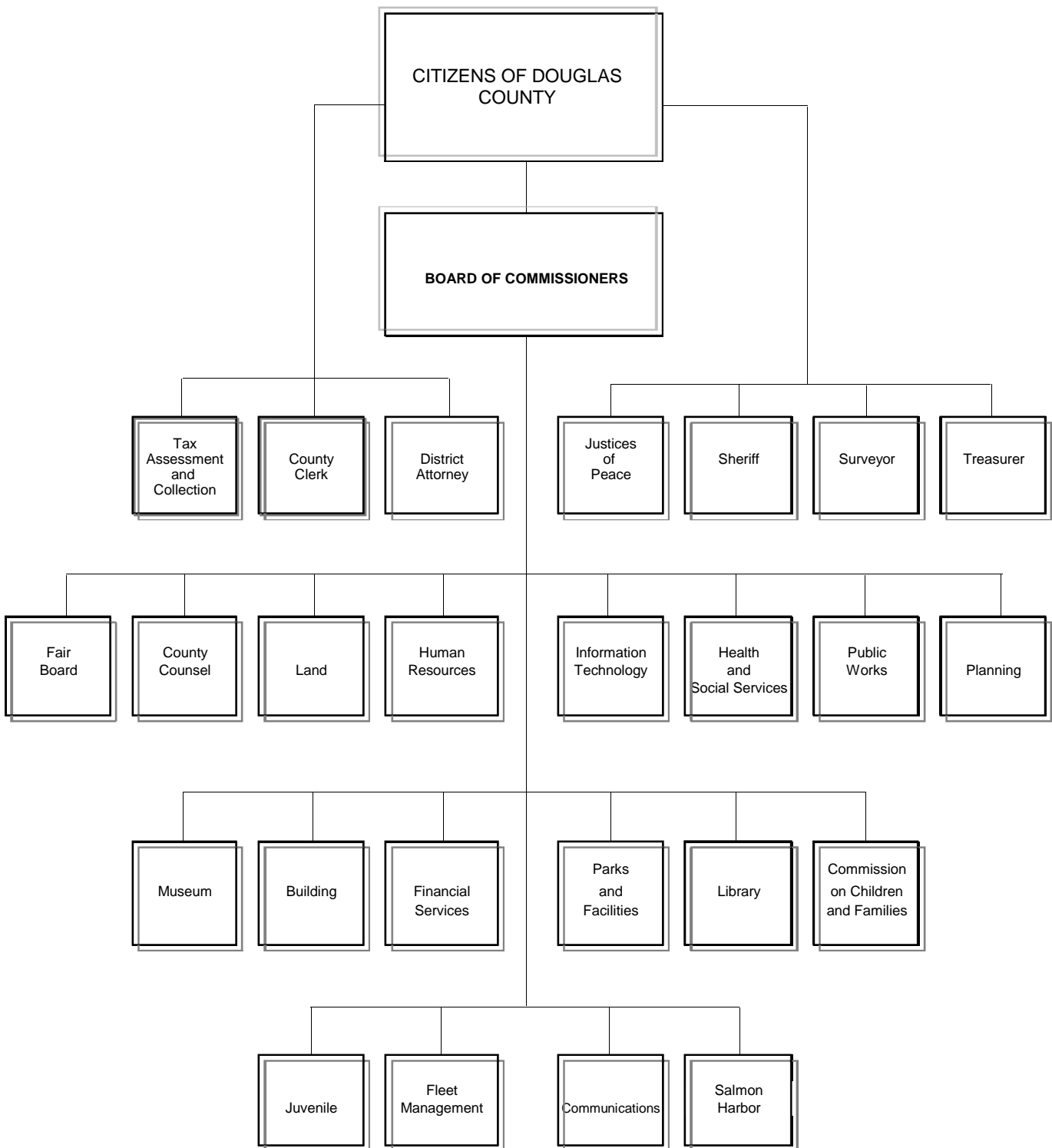
Linda C. Danison

President

Jeffrey R. Enen

Executive Director

DOUGLAS COUNTY, OREGON
ORGANIZATION CHART



DOUGLAS COUNTY, OREGON
LISTING OF PRINCIPAL OFFICIALS
as of June 30, 2012

BOARD OF COUNTY COMMISSIONERS
COUNTY COURTHOUSE
Roseburg, Oregon 97470

Telephone: (541) 440-4201

<u>Name</u>	<u>Term Expiration Date</u>
Susan Morgan, Chair	December 31, 2012
Doug Robertson	December 31, 2012
Joe Laurance	December 31, 2014

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FINANCIAL SECTION

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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 27, 2012

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, 2012, 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. The prior year Enterprise Fund partial comparative information has been derived from the County's fiscal year 2010-11 financial statements and, in our report dated December 12, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

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, 2012, 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.

The financial statements include prior year Enterprise Fund partial comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2011, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9, the schedule of funding progress on page 44 and the budgetary comparison information for the major governmental funds on pages 45 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis and the schedule of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis or the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information for the major governmental funds 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 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 other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements 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 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Kenneth Kuhns & Co.

Management's Discussion and Analysis

The following discussion and analysis is intended to serve as an overview of the County's financial activities for the fiscal year ended June 30, 2012. 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 the end of the current fiscal year, by \$345,482,908 (net assets). Of this amount, \$77,375,495 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's overall financial position decreased by \$21,047,943. This decrease is primarily attributable to a significant decrease in federal funding.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund is \$61,155,131 or 230% of total General Fund expenditures and transfers to other funds.

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.

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. 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 declining.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. 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 result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, conservation and education. The Salmon Harbor facility operation is a business-type activity of the County.

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 4-H Extension District, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been

included as an integral part of the primary government. 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 various individual governmental funds for GAAP (generally accepted accounting principles) basis presentation. 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, Health and Social Services Fund, Title III Fund, and Industrial Development 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 an enterprise fund to account 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 information on 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 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; postemployment healthcare benefits to retirees; and budgetary comparative schedules for the County's major funds. Required supplementary information can be found beginning on page 44 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 \$345,482,908 at the end of the current fiscal year.

The largest portion of the County's net assets (51%) 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 26% of the County's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance (23%) of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

Net assets decreased \$21,047,943 during fiscal year 2012. This is due primarily to a decrease in federal funding.

Douglas County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Cash and investments	\$188,100,976	\$197,527,020	\$836,793	\$763,820	\$188,937,769	\$198,290,840
Receivables	8,378,938	9,272,311	38,143	180,917	8,417,081	9,453,228
Internal balances	81,874	135,259	(81,874)	(135,259)		
Other assets	3,106,947	3,655,583	20,174	24,205	3,127,121	3,679,788
Interfund loan balances	2,361,529	2,361,529	(2,361,529)	(2,361,529)		
Capital assets	171,594,324	181,109,374	5,133,883	5,377,687	176,728,207	186,487,061
Total assets	373,624,588	394,061,076	3,585,590	3,849,841	377,210,178	397,910,917
Noncurrent liabilities	20,471,539	17,228,171			20,471,539	17,228,171
Other liabilities	11,214,166	14,078,816	41,565	73,079	11,255,731	14,151,895
Total liabilities	31,685,705	31,306,987	41,565	73,079	31,727,270	31,380,066
Net assets:						
Invested in capital assets	171,594,324	181,109,374	5,133,883	5,377,687	176,728,207	186,487,061
Restricted	91,379,206	95,615,875			91,379,206	95,615,875
Unrestricted	78,965,353	86,028,840	(1,589,858)	(1,600,925)	77,375,495	84,427,915
Total net assets	\$341,938,883	\$362,754,089	\$3,544,025	\$3,776,762	\$345,482,908	\$366,530,851

Douglas County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Revenues:						
Program revenues:						
Charges, fees and fines	\$13,874,858	\$15,163,096	\$1,744,503	\$1,619,753	\$15,619,361	\$16,782,849
Operating grants and contributions	52,819,019	61,837,105	203,700	251,180	53,022,719	62,088,285
Capital contributions				399,178		399,178
General revenues:						
Property taxes	8,823,504	8,523,575			8,823,504	8,523,575
Grants and contributions not restricted to specific programs	10,477,888	19,282,732			10,477,888	19,282,732
Unrestricted investment earnings	1,623,762	1,844,199	9,312	12,371	1,633,074	1,856,570
Total revenues	87,619,031	106,650,707	1,957,515	2,282,482	89,576,546	108,933,189
Expenses:						
General government	19,309,705	21,070,812			19,309,705	21,070,812
Public safety	25,118,005	23,853,599			25,118,005	23,853,599
Highways and streets	22,313,834	21,653,779			22,313,834	21,653,779
Sanitation	5,268,463	2,869,455			5,268,463	2,869,455
Health and welfare	27,000,903	27,857,819			27,000,903	27,857,819
Culture and recreation	6,140,440	6,578,149			6,140,440	6,578,149
Conservation	1,204,324	1,165,109			1,204,324	1,165,109
Education	2,020,090	3,651,014			2,020,090	3,651,014
Interest on long-term debt	63,650	68,137			63,650	68,137
Recreational facility			2,185,859	2,070,234	2,185,859	2,070,234
Total expenses	108,439,414	108,767,873	2,185,859	2,070,234	110,625,273	110,838,107
Increase (decrease) in net assets before gain on sale of assets	(20,820,383)	(2,117,166)	(228,344)	212,248	(21,048,727)	(1,904,918)
Gain on sale of assets	5,177	20,281	(4,393)		784	20,281
Increase (decrease) in net assets	(20,815,206)	(2,096,885)	(232,737)	212,248	(21,047,943)	(1,884,637)
Net assets - July 1	362,754,089	364,850,974	3,776,762	3,564,514	366,530,851	368,415,488
Net assets - June 30	\$341,938,883	\$362,754,089	\$3,544,025	\$3,776,762	\$345,482,908	\$366,530,851

Governmental activities. Governmental activities decreased net assets by \$20,815,206. The primary contributing factor to this decrease was a decrease in federal funding.

Business-type activities. Business-type activities decreased net assets by \$232,737. The decrease was primarily the result of a decrease in federal and state funding.

Financial Analysis of County Funds

The County uses fund accounting to ensure 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.

At June 30, 2012, the County's governmental funds reported combined ending fund balances of \$179,463,606, a decrease of 5% from the prior year. Of this ending balance, 51% is restricted for specific uses, 13% is committed or assigned to specific purposes, 2% is nonspendable because it is in the form of inventories and deposits. The remaining 34% is unassigned.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$61,155,131, while the total fund balance was \$68,140,502. The current unassigned fund balance represents 230% of the total general fund expenditures and transfers to other funds.

Over forty percent of the General Fund revenues in fiscal 2012 came from the federal "Secure Rural Schools and Community Self-Determination Act" first passed by Congress in October, 2000. In 2008, legislation was passed reauthorizing the Act but with reduced funding. This Act replaced the timber revenues from logging on federal timber lands the County relied on as a primary source of General Fund support for many years. The Act was extended in July, 2012 for one additional year. This one year extension will provide approximately \$8.6 million to the County's General Fund in 2013. This funding is approximately \$16 million less to General Fund than the Act was providing before the 2008 reauthorization was passed. The Board of County Commissioners continues to work with elected officials to find funding solutions for Douglas County.

The Public Works Fund receives nearly forty percent of its revenue from the "Secure Rural Schools and Community Self Determination Act". The fund balance decreased by \$4,566,785 in fiscal year 2012. This fund is estimated to receive \$5.4 million in 2013 under the Act's one-year reauthorization. This is down from the \$14.5 million funding provided by the Act prior to the 2008 reauthorization that included funding reductions. Public Works revenues are restricted to use for construction and maintenance of County roads and bridges. At the end of the current fiscal year, the nonspendable balance in this fund was \$2,248,006 and the restricted balance was \$78,601,780.

The Public Safety Fund balance decreased \$143,417 from \$1,126,231 in fiscal year 2011 to \$982,814 in fiscal year 2012. The decrease is primarily due to an increase in personnel costs and the cost to upgrade and maintain the County's communications system.

The Health and Social Services Fund balance increased \$119,633 to \$7,123,886. The increase is from decreased spending in this fund.

The Title III Fund balance increased \$360,131 in 2012 from \$4,282,457 to \$4,642,588. The increase is from decreased spending in this fund.

The Industrial Development Fund balance increased \$252,775 to \$4,361,400. The increase is from additional State lottery revenues.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, for its enterprise fund (Salmon Harbor). Salmon Harbor facility includes an R.V. resort, dry camping, fueling stations, docks for fishing and boat moorage.

General Fund Budgetary Highlights

Total appropriations in the final amended General Fund budget were \$157,220 higher than the original budget. This increase was the result of unanticipated grant revenues from state and federal sources added through a supplemental budget.

Several departments in General Fund show actual expenditures under budget variances larger than anticipated because of layoffs related to revenue shortfalls and management's choices not to fill positions when they became vacant. County departments have been asked by the Board of Commissioners to find ways to work more efficiently with less and prepare for continued reductions in departmental budgets due to the loss of federal funding.

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, 2012 was \$176,728,207 (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 decrease (additions, deductions and depreciation) in capital assets was \$9,758,854.

Capital Assets at Year-End (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$12,132,028	\$12,132,028	\$921,221	\$921,221	\$13,053,249	\$13,053,249
Buildings & improvements	25,275,728	25,854,109	4,124,653	4,354,161	29,400,381	30,208,270
Furniture and equipment	4,725,515	5,953,537			4,725,515	5,953,537
Vehicles & heavy equipment	6,535,430	6,875,277	88,009	102,305	6,623,439	6,977,582
Dams	19,754,924	20,131,209			19,754,924	20,131,209
Infrastructure	98,072,525	102,060,220			98,072,525	102,060,220
Construction in progress	5,098,174	8,102,994			5,098,174	8,102,994
Totals	\$171,594,324	\$181,109,374	\$5,133,883	\$5,377,687	\$176,728,207	\$186,487,061

The following table reconciles the changes in capital assets:

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$467,294,783	\$10,189,680	\$477,484,463
Additions	2,240,716	16,845	2,257,561
Reductions	(1,251,878)	(33,814)	(1,285,692)
Accumulated depreciation	(296,689,297)	(5,038,828)	(301,728,125)
Ending balance	\$171,594,324	\$5,133,883	\$176,728,207

Additional information on the County's capital assets can be found in note 3C beginning on page 31 of this report.

Long-term Debt. At June 30, 2012, the County had \$1,328,916 in notes payable for industrial development within the County. This is \$137,732 more than the \$1,191,184 owing June 30 of the prior year due to regularly scheduled payments on current loans of \$87,268 as well as the addition of a new \$225,000 loan in 2012. 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 34 of this report.

Economic Factors and Next Year's Budgets and Rates

- The single most significant source of county revenue was from the federal "Secure Rural Schools and Community Self-Determination Act", (safety net) which provided annual revenue to replace declining timber harvest revenues. The Act was reauthorized at a progressively reduced funding level for another four years in October, 2008. In July, 2012, the Act was reauthorized for one additional year at 95% of the prior year's funding.
- The County's unemployment rate for the month of June 2012 was 12%. While this compares unfavorably to the state average unemployment rate of 8.5% which is higher than the national average of 8.2%, the steady decline in annual unemployment rates, from 17.2% in 2009 to 12% in 2012, may indicate the economy has begun a slow recovery.
- During the last few years, the increasing pension cost of the Oregon Public Employees Retirement System (PERS) has had a significant impact on County personnel costs. PERS has again notified the County that rates beginning July 1, 2013 will increase from 5.8% to 6.4% of payroll.
- The County has a permanent tax rate of \$1.11 per thousand of assessed valuation. This permanent tax rate was established with the passage of statewide constitutional property tax limitation measures during a time when the County was receiving sufficient timber harvest revenues to support many County services without property tax assistance. Also, as part of the statewide measures, the increase in assessed value was limited to 3% per year, or market value, whichever is lower. It would be very difficult, if not impossible, for the County to replace a significant portion of the loss of federal funding with property taxes. Currently, property taxes represent about 10% of overall County revenues and are committed, in whole, to support public safety services.
- 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 year 2013.

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.

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BASIC FINANCIAL STATEMENTS

DOUGLAS COUNTY, OREGON
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	\$ 188,100,976	\$836,793	\$ 188,937,769	
Receivables	8,378,938	38,143	8,417,081	\$1,600,000
Internal balances	81,874	(81,874)		
Inventories	2,519,236	19,579	2,538,815	
Deposits and prepaid items	587,711	595	588,306	
Interfund loan balances	2,361,529	(2,361,529)		
Capital assets (net of accumulated depreciation):				
Land	12,132,028	921,221	13,053,249	
Buildings and improvements	25,275,728	4,124,653	29,400,381	
Furniture and equipment	4,725,515		4,725,515	
Vehicles and heavy equipment	6,535,430	88,009	6,623,439	
Dams	19,754,924		19,754,924	
Infrastructure	98,072,525		98,072,525	
Construction in progress	5,098,174		5,098,174	
Total assets	373,624,588	3,585,590	377,210,178	1,600,000
LIABILITIES				
Accounts payable and other current liabilities	5,187,586	41,565	5,229,151	
Unearned revenues	4,722,975		4,722,975	
Noncurrent liabilities:				
Due within one year	1,303,605		1,303,605	130,000
Due in more than one year	20,471,539		20,471,539	1,470,000
Total liabilities	31,685,705	41,565	31,727,270	1,600,000
NET ASSETS				
Investment in capital assets	171,594,324	5,133,883	176,728,207	
Restricted for:				
Highways and streets	78,493,113		78,493,113	
Health and social services	6,528,713		6,528,713	
Title II and III	4,835,882		4,835,882	
Other purposes	1,521,498		1,521,498	
Unrestricted (deficit)	78,965,353	(1,589,858)	77,375,495	
Total net assets	\$341,938,883	\$3,544,025	\$345,482,908	\$ -

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenue and		Total	Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Changes in Net Assets		
Primary government:						
Governmental activities:						
General government	\$19,309,705	\$5,115,436	\$5,839,746	(\$8,354,523)	(\$8,354,523)	
Public safety	25,118,005	3,475,927	4,989,589	(16,652,489)	(16,652,489)	
Highways and streets	22,313,834	80,051	14,245,393	(7,988,390)	(7,988,390)	
Sanitation	5,268,463	704,121		(4,564,342)	(4,564,342)	
Health and welfare	27,000,903	860,958	25,083,186	(1,056,759)	(1,056,759)	
Culture and recreation	6,140,440	2,608,235	484,536	(3,047,669)	(3,047,669)	
Conservation	1,204,324	1,029,013	118,071	(57,240)	(57,240)	
Education	2,020,090	1,117	2,058,498	39,525	39,525	
Interest on long-term debt	63,650			(63,650)	(63,650)	
Total governmental activities	108,439,414	13,874,858	52,819,019	(41,745,537)	-	(41,745,537)
Business-type Activities:						
Boat marina/RV park	2,185,859	1,744,503	203,700		(\$237,656)	(237,656)
Total business-type activities	2,185,859	1,744,503	203,700	-	(237,656)	(237,656)
Total primary government	\$110,625,273	\$15,619,361	\$53,022,719	(41,745,537)	(237,656)	(41,983,193)
Component unit:						
Hospital Facility Authority	\$ -	\$ -	\$ -			\$ -
General revenues:						
Property taxes				8,823,504		8,823,504
Grants and contributions not restricted to specific purposes				10,477,888		10,477,888
Unrestricted investment earnings				1,623,762	9,312	1,633,074
Gain (loss) on sale of capital assets				5,177	(4,393)	784
Total general revenues and transfers				20,930,331	4,919	20,935,250
Change in net assets				(20,815,206)	(232,737)	(21,047,943)
Net assets - beginning				362,754,089	3,776,762	366,530,851
Net assets - ending				\$341,938,883	\$3,544,025	\$345,482,908
						\$ -

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Services Fund	Title III Fund	Industrial Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$68,002,611	\$78,942,537	\$626,764	\$7,112,387	\$8,664,563	\$2,917,111	\$10,785,094	\$177,051,067
Receivables	1,329,171	1,088,480	1,882,106	807,965		2,779,761	480,282	8,367,765
Due from other funds	1,777,734	39,573	22,023	2,380			103	1,841,813
Inventories	4,165	2,235,390						2,239,555
Deposits and prepaid items	368,472	12,616	115,604	29,957			5,160	531,809
Interfund loan receivable							2,361,529	2,361,529
Total assets	<u>\$71,482,153</u>	<u>\$82,318,596</u>	<u>\$2,646,497</u>	<u>\$7,952,689</u>	<u>\$8,664,563</u>	<u>\$5,696,872</u>	<u>\$13,632,168</u>	<u>\$192,393,538</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$2,176,358	\$12,760	\$13,684	\$261,500			\$91,692	\$2,555,994
Accrued payroll, withholdings and benefits	342,780	93,542	335,147	230,653			29,434	1,031,556
Due to other funds	111,267	1,122,143	281,922	326,467		\$18,885	100,064	1,960,748
Due to other government units	89,226	105,678						194,904
Deferred revenues	622,020	134,687	1,032,930	10,183	\$4,021,975	1,316,587	48,348	7,186,730
Total liabilities	<u>3,341,651</u>	<u>1,468,810</u>	<u>1,663,683</u>	<u>828,803</u>	<u>4,021,975</u>	<u>1,335,472</u>	<u>269,538</u>	<u>12,929,932</u>
Fund balances:								
Nonspendable	372,637	2,248,006	115,604	29,957			5,160	2,771,364
Restricted	949,409	78,601,780	107,398	6,973,885	4,642,588		657,985	91,933,045
Committed	77		759,812	120,044		4,361,400	8,622,226	13,863,559
Assigned	5,663,248						4,077,259	9,740,507
Unassigned	61,155,131							61,155,131
Total fund balances	<u>68,140,502</u>	<u>80,849,786</u>	<u>982,814</u>	<u>7,123,886</u>	<u>4,642,588</u>	<u>4,361,400</u>	<u>13,362,630</u>	<u>179,463,606</u>
Total liabilities and fund balances	<u>\$71,482,153</u>	<u>\$82,318,596</u>	<u>\$2,646,497</u>	<u>\$7,952,689</u>	<u>\$8,664,563</u>	<u>\$5,696,872</u>	<u>\$13,632,168</u>	<u>\$192,393,538</u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2012

Fund Balances - Governmental Funds	\$179,463,606
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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:

Land	\$12,132,028	
Buildings and improvements	42,750,994	
Furniture and equipment	14,806,036	
Vehicles and heavy equipment	20,218,688	
Dams	28,221,320	
Infrastructure	341,032,223	
Construction in progress	<u>5,098,174</u>	
	464,259,463	
Less accumulated depreciation	<u>(293,474,103)</u>	170,785,360

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

Notes payable	(1,328,916)	
Accrued compensated absences	(2,197,929)	
Net OPEB obligation	(1,666,895)	
Landfill closure and postclosure care cost	<u>(15,289,000)</u>	(20,482,740)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.	2,463,755
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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 are reported with governmental activities.	<u>9,708,902</u>
Net Assets of Governmental Activities	<u><u>\$341,938,883</u></u>

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	General Fund	Public Works Fund	Public Safety Fund	Health and Social Services Fund	Title III Fund	Industrial Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues:								
Charges for services	\$4,373,889	\$32,558	\$1,966,995	\$461,464			\$2,116,304	\$8,951,210
Permits, licenses and fines	834,440	1,088	317,144	222,412			115,202	1,490,286
Intergovernmental	13,864,402	14,245,394	4,030,121	24,990,205	\$3,363,418	\$443,908	2,359,461	63,296,909
Property taxes			8,375,696				420,946	8,796,642
Assessments		26,539						26,539
Interest	528,563	619,107	19,279	70,599	88,864	68,082	117,644	1,512,138
Other	417,210	46,406	250,314	177,083		50,334	1,290,128	2,231,475
Total revenues	20,018,504	14,971,092	14,959,549	25,921,763	3,452,282	562,324	6,419,685	86,305,199
Expenditures:								
Current:								
General Government	14,741,842				2,498,340	149,311	812,501	18,201,994
Public Safety	3,293,569		19,854,818					23,148,387
Highways and Streets		10,748,845						10,748,845
Sanitation	2,255,942							2,255,942
Health and Welfare	29,416			26,332,682			103,791	26,465,889
Culture and Recreation	3,539,964						2,273,376	5,813,340
Conservation							817,199	817,199
Education							2,020,090	2,020,090
Capital outlay	416,865	4,112,813	251,241	82,594		9,320	169,654	5,042,487
Debt service:								
Principal						87,268		87,268
Interest						63,650		63,650
Total expenditures	24,277,598	14,861,658	20,106,059	26,415,276	2,498,340	309,549	6,196,611	94,665,091
Excess (deficiency) of revenues over (under) expenditures	(4,259,094)	109,434	(5,146,510)	(493,513)	953,942	252,775	223,074	(8,359,892)
Other financing sources (uses):								
Transfers in	1,610,455	55,000	5,021,093	1,310,869			60,000	8,057,417
Transfers out	(2,069,704)	(4,542,769)	(18,000)	(697,723)	(593,811)		(135,410)	(8,057,417)
Total other financing sources (uses)	(459,249)	(4,487,769)	5,003,093	613,146	(593,811)	-	(75,410)	-
Net change in fund balances	(4,718,343)	(4,378,335)	(143,417)	119,633	360,131	252,775	147,664	(8,359,892)
Fund balances, beginning	72,858,845	85,416,571	1,126,231	7,004,253	4,282,457	4,108,625	13,214,966	188,011,948
Change in reserve for inventories		(188,450)						(188,450)
Fund balances, ending	\$68,140,502	\$80,849,786	\$982,814	\$7,123,886	\$4,642,588	\$4,361,400	\$13,362,630	\$179,463,606

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, 2012

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

Net change in fund balances - Governmental Funds	(\$8,359,892)
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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 depreciation exceeded capital outlay during the year:

Acquisition of capital assets	\$1,810,404	
Less current year depreciation	<u>(11,409,325)</u>	(9,598,921)

In the statement of activities, only the gain (loss) on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. The difference represents the book value of the capital assets sold.	(62,355)
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Governmental funds reported the decrease in the Public Works inventory as a change in fund balance; however, in the statement of activities the change is included in expenses.	(188,450)
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Revenues in the statement of activities that do not provide current financial resources are not considered "available" and are deferred in the governmental funds.	18,534
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The increase in the estimated landfill closure and postclosure care costs does not require the use of current financial resources and is not reported in the governmental funds.	(2,541,000)
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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.	(734,404)
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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.	<u>651,282</u>
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Change in net assets - governmental activities	<u><u>(\$20,815,206)</u></u>
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The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Business-type Activities - Enterprise Fund Salmon Harbor		Governmental Activities Internal Service Funds
	Current Year	Prior Year	
ASSETS			
Current assets:			
Cash and investments	\$836,793	\$763,820	\$11,049,909
Receivables	38,143	180,917	11,173
Due from other funds		20	273,534
Inventories	19,579	20,071	279,681
Deposits and prepaids	595	4,134	55,902
Total current assets	895,110	968,962	11,670,199
Capital assets:			
Land	921,221	921,221	
Buildings and improvements	8,990,698	9,008,271	
Furniture and equipment			212,175
Vehicles and heavy equipment	260,792	260,188	3,811,983
Less accumulated depreciation	(5,038,828)	(4,811,993)	(3,215,194)
Total capital assets (net of accumulated depreciation)	5,133,883	5,377,687	808,964
Total assets	6,028,993	6,346,649	12,479,163
LIABILITIES			
Current liabilities:			
Accounts payable			3,511
Accrued payroll, withholdings and benefits	14,331	40,587	1,401,621
Accrued compensated absences	27,234	32,492	42,404
Accrued claims liability			450,000
Due to other funds	44,426	109,427	110,173
Interfund loan payable	2,361,529	2,361,529	
Total current liabilities	2,447,520	2,544,035	2,007,709
Noncurrent liabilities:			
Accrued claims liability			800,000
Total liabilities	2,447,520	2,544,035	2,807,709
NET ASSETS			
Invested in capital assets	5,133,883	5,377,687	808,964
Unrestricted (deficit)	(1,552,410)	(1,575,073)	8,862,490
Total net assets	3,581,473	\$3,802,614	\$9,671,454
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(37,448)		
Net assets of business-type activities	\$3,544,025		

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, 2012

	Business-type Activities - Enterprise Fund		Governmental
	Salmon Harbor		Activities
	Current Year	Prior Year	Internal
			Service Funds
Operating revenues:			
Charges for services	\$1,157,733	\$1,122,711	\$1,157,733
Other	586,770	497,042	586,770
Total operating revenues	1,744,503	1,619,753	1,744,503
Operating expenses:			
Salaries and wages	506,531	501,587	506,531
Payroll taxes and benefits	247,377	267,241	247,377
Operating supplies and expenses	756,963	617,305	756,963
Utilities	297,065	292,895	297,065
Administrative expenses	110,071	129,352	110,071
Depreciation	256,256	247,592	256,256
Total operating expenses	2,174,263	2,055,972	2,174,263
Operating income (loss)	(429,760)	(436,219)	(429,760)
Nonoperating revenues and expenses:			
Intergovernmental	203,700	251,180	203,700
Interest income	9,312	12,371	9,312
Gain (loss) on disposal of capital assets	(4,393)		(4,393)
Total nonoperating revenues	208,619	263,551	208,619
Income (loss) before contributions	(221,141)	(172,668)	(221,141)
Capital contributions		399,178	
Change in net assets	(221,141)	226,510	(221,141)
Total net assets-beginning	3,802,614	3,576,104	3,802,614
Total net assets-ending	\$3,581,473	\$3,802,614	\$3,581,473
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(11,596)
Change in net assets of business-type activities			(\$232,737)

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, 2012

	Business-type Activities - Enterprise Fund Salmon Harbor		Governmental Activities Internal Service Funds
	Current Year	Prior Year	
Cash flow from operating activities:			
Receipts from customers	\$1,887,277	\$1,601,846	
Receipts from interfund services provided			\$14,060,441
Payments to suppliers and contractors	(1,225,049)	(972,598)	(12,530,766)
Payments to employees	(785,422)	(762,560)	(763,991)
Other operating receipts			168,523
Net cash provided by (used in) operating activities	(123,194)	(133,312)	934,207
Cash flows from noncapital financing activities:			
Operating grants from other governmental entities	203,700	251,180	
Net cash provided by (used in) noncapital and related financing activities	203,700	251,180	
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets			28,725
Capital contributions		257,288	
Acquisition of capital assets	(16,845)	(611,391)	(430,312)
Net cash provided by (used in) capital and related financing activities	(16,845)	(354,103)	(401,587)
Cash flows from investing activities:			
Interest received	9,312	12,371	111,623
Net increase (decrease) in cash and cash equivalents	72,973	(223,864)	644,243
Cash and cash equivalents, beginning	763,820	987,684	10,405,666
Cash and cash equivalents, ending	\$836,793	\$763,820	\$11,049,909
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(\$429,760)	(\$436,219)	\$522,886
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	256,256	247,592	260,538
(Increase) decrease in:			
Accounts receivable	142,774	(17,907)	16,652
Prepaid expenses and deposits	3,539	(3,362)	(27,470)
Inventories	492	(4,649)	52,626
Interfund receivables	20	18,841	39,872
Increase (decrease) in:			
Accounts payable			(4,392)
Accrued payroll, withholdings and benefits	(26,256)	2,673	200,798
Accrued compensated absences	(5,258)	3,595	(5,578)
Interfund payables	(65,001)	56,124	(121,725)
Total adjustments	306,566	302,907	411,321
Net cash provided by (used in) operating activities	(\$123,194)	(\$133,312)	\$934,207
Noncash investing capital, and financing activities:			
Capital contribution receivable		\$141,890	

The accompanying notes are an integral part of this statement.

DOUGLAS COUNTY, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2012

ASSETS

Cash and investments:

Equity in pooled cash and investments	\$1,365,397
Property taxes receivable	10,005,792
Accrued interest receivable	<u>31,571</u>

Total assets	<u><u>\$11,402,760</u></u>
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LIABILITIES

Due to other governmental units	<u>\$11,402,760</u>
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Total liabilities	<u><u>\$11,402,760</u></u>
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NOTES TO FINANCIAL STATEMENTS

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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 who serve full-time and are compensated. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each 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.

Component Units

The County reports the following component units:

Blended Component Unit

The 4-H Extension Service District was approved by a vote of the people on May 20, 2008 and created by Order of the Board of Commissioners on June 11, 2008 under the provisions of ORS 451.010(1) (i). The District is governed by a Board comprised of the Douglas County Board of Commissioners. The District is included in the non-major special revenue funds and, like the County, has a fiscal year ending June 30.

Complete financial statements for the 4-H Extension Service District may be obtained at the District's office located at 1134 SE Douglas Ave., Roseburg, Oregon 97470.

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 to 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 Management and Finance, Douglas County, Roseburg, Oregon.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Changes in Net Assets report information on the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. 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 program; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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* accounts for all financial resources not accounted for and reported 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. Major revenues are motor vehicle fee apportionments from the State of Oregon and revenues under the *Secure Rural Schools and Community Self-Determination Act* that replace the former apportionment of proceeds from timber sales 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, work crew and drug enforcement activities. Revenues consist of property taxes, grants from federal and state agencies, shared revenues, fees and fines, and transfers in from other funds.

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. Grants from federal and state agencies are the primary revenue sources for this fund.

The *Title III Fund* was established to account for the funds received from the *Secure Rural Schools and Community Self-Determination Act*. Expenditures are restricted to categories listed in the Act.

The *Industrial Development 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 sources of revenue are from the state lottery for uses provided in ORS 461.540, interest and principal collected from economic development loans and the sale of lands developed to attract industry.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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.

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

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*; agency funds are also reported using the *accrual basis of accounting* but have no measurement focus. 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.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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 and the County's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

The County implemented GASB (Government Accounting Standards Board) Statement No. 54 in a prior year. Under GASB No. 54, the Dog Control Fund no longer meets the definition of a special revenue fund. This fund has been combined with General Fund for Basic Financial Statement presentation. The Dog Control Fund Budget and Actual schedule continues to be shown separately in Other Supplemental Data for Oregon budget law purposes.

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 Fund Equity

1. 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).

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

2. *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 assessments are collectible in installments, including interest ranging from 4.5% to 7% over a period of five to fifteen years. The County does not consider assessment receivables to meet the "available" criteria for revenue accrual, as installments are received more than 60 days after year-end.

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

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

3. *Inventories, Deposits and Prepaids*

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. Prepaids represent regularly

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

recurring payments made to vendors for services that reflect costs applicable to future accounting periods. Deposits and prepaids are recorded as expenditures when consumed rather than when purchased.

4. *Capital Assets*

Capital assets are stated at either cost, estimated historical cost or fair market value on the date donated for donated assets. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. 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.

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 2012.

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

5. *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.

6. *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.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

7. *Net Assets in the government-wide financial statements and proprietary financial statements*

Invested in Capital Assets consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted is the amount restricted by external creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted is the amount of all net assets that do not meet the definition of “invested in capital assets” or “restricted” net assets.

8. *Fund balances in the governmental fund financial statements*

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in order to conform to the accounting standards established by the Government Accounting Standards Board. To comply with GASB No. 54, the County must use the following classifications for fund balances:

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts for which constraints have been imposed by formal action of the Board of Commissioners (the County’s highest level of decision-making authority). Committed amounts cannot be used for any other purpose unless the specified use is removed or changed by the same type of action.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the County’s adopted policy, the County Accountant may assign amounts for specific purposes.

Unassigned – total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (residual net resources); and any excess of nonspendable, restricted, and committed fund balance over total fund balance in a governmental fund other than the general fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

9. *Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. *Comparative Data*

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

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 (department) 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 three 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

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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, 2012.

3. Detailed Notes on all Funds

A. Cash and Investments

The County's cash and investments are comprised of the following at June 30, 2012:

Cash on hand	\$157,596
Deposits with financial institutions	13,042,928
Investments	<u>177,102,642</u>
Total cash and investments	190,303,166
Less cash and investments in agency fund	<u>(1,365,397)</u>
Cash and investments, as reported on the Statement of Net Assets	<u><u>\$188,937,769</u></u>

Deposits

Deposits with financial institutions are bank demand deposits. Total bank balances, as shown on bank records at June 30, 2012 are \$13,947,305. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Of these deposits, \$2,544,405 was covered by federal depository insurance (FDIC), and \$11,402,900 by collateral held in a shared liability pool made up of all public funds depositories in Oregon.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized against custodial credit risk to the extent required by Oregon Revised Statutes (ORS) 295. Custodial credit risk on deposits is the risk that in the event of bank failure, the County's deposits may not be returned. The amount of collateral is set by the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. The amount of collateral set by the PFCP is between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected.

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, 2012

At June 30, 2012, the County's investments consisted of:

	<u>Fair Value</u>	<u>Percent</u>
Investment in Oregon Local Government		
Investment Pool	\$33,890,885	19%
U.S. Government Agency Securities	84,710,779	48%
Commercial Paper	1,000,000	1%
Municipal Securities	6,954,077	4%
Corporate Bonds	50,546,901	28%
Total investments	<u>\$177,102,642</u>	<u>100%</u>

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, 2012 were: 63% mature within 93 days, 17% mature from 94 days to one year, and 20% mature from one to three years.

As of June 30, 2012, maturities for the County are other investments are as follows:

	<u>Less than One Year</u>	<u>One to Three Years</u>
U.S. Government Agency Securities:		
Federal Farm Credit Bank		\$10,009,346
Federal Home Loan Bank	\$9,870,051	4,478,945
Federal Home Loan Mortgage Corp.		23,609,489
Federal Financing Corp.	2,405,596	3,958,930
Federal National Mortgage Association		28,356,450
Federal Agricultural Mortgage Corp		2,021,972
Commercial Paper	1,000,000	
Municipal Securities	3,130,379	3,823,698
Corporate Debt	16,721,523	33,825,378
Total	<u>\$33,127,549</u>	<u>\$110,084,208</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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 are rated AA+ by Standard and Poor's and/or Aaa by Moody's. The County's corporate debt investments are rated A+ by Standard and Poor's and Aa3 by Moody's. The municipal securities investments are rated Aa by Moody's.

On March 6, 2012 the County sold a Lehman Brothers note for \$791,250. The County had revalued the note at \$450,000 when Lehman Brothers filed for bankruptcy on September 15, 2008. The note had an original par value of \$3 million and a maturity date of January 23, 2009. The revaluation of the note was based on the estimated proceeds the County expected to receive as a senior unsecured creditor in the bankruptcy proceedings.

B. Receivables

	Property Taxes	Assess- ments	Accounts	Notes & Contracts	Interest	Total
Governmental activities:						
General Fund			\$992,335		\$336,836	\$1,329,171
Public Works Fund		\$134,687	741,779	\$206,381	5,633	1,088,480
Public Safety Fund	\$1,045,162		836,944			1,882,106
Health & Social Services Fund			807,965			807,965
Industrial Development Fund			102,988	2,525,553	151,220	2,779,761
Nonmajor governmental funds	52,345		361,584	66,353		480,282
	1,097,507	134,687	3,843,595	2,798,287	493,689	8,367,765
Internal service funds			11,173			11,173
	1,097,507	134,687	3,854,768	2,798,287	493,689	8,378,938
Business-type activities:						
Salmon Harbor Fund			38,143			38,143
Fiduciary Fund - Agency	10,005,792				31,571	10,037,363
Receivables, end of year	\$11,103,299	\$134,687	\$3,892,911	\$2,798,287	\$525,260	\$18,454,444

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 a contract receivable that represents an amount loaned by the Authority 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. On March 1, 2011 the Trustee under the Indenture of Trust notified the Hospital Authority that an event of default occurred under the indenture. On September 1, 2011, payments of delinquent principal of \$40,000 and current principal of \$45,000 were due through a sinking fund payment in the amount of \$85,000. Neither the principal nor the interest component was paid. Interest due June 30, 2012 including interest on the bonds not redeemed is \$182,125. The amount outstanding at June 30, 2012 is \$1,600,000 for the Aspen Foundation 1997 Series A Bonds.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$12,132,028			\$12,132,028
Construction in progress	8,102,994	\$448,598	\$3,453,418	5,098,174
Total capital assets not being depreciated	20,235,022	448,598	3,453,418	17,230,202
Capital assets being depreciated:				
Buildings and improvements	42,684,395	87,151	20,552	42,750,994
Furniture and equipment	15,204,852	94,680	281,321	15,018,211
Vehicles and heavy equipment	23,879,745	535,656	384,730	24,030,671
Dam structures and improvements	28,221,320			28,221,320
Infrastructure	337,069,449	4,528,049	565,275	341,032,223
Total capital assets being depreciated	447,059,761	5,245,536	1,251,878	451,053,419
Less accumulated depreciation for:				
Buildings and improvements	16,830,286	657,475	12,495	17,475,266
Furniture and equipment	9,251,315	1,322,702	281,321	10,292,696
Vehicles and heavy equipment	17,004,468	837,226	346,453	17,495,241
Dam structures and improvements	8,090,111	376,285		8,466,396
Infrastructure	235,009,229	8,476,175	525,706	242,959,698
Total accumulated depreciation	286,185,409	11,669,863	1,165,975	296,689,297
Total capital assets being depreciated, net	160,874,352	(6,424,327)	85,903	154,364,122
Governmental activities capital assets, net	\$181,109,374	(\$5,975,729)	\$3,539,321	\$171,594,324
Business-type activities:				
Capital assets not being depreciated:				
Land	\$921,221			\$921,221
Capital assets being depreciated:				
Buildings	9,008,271		\$17,573	8,990,698
Vehicles and heavy equipment	260,188	\$16,845	16,241	260,792
Total capital assets being depreciated	9,268,459	16,845	33,814	9,251,490
Less accumulated depreciation for:				
Buildings	4,654,110	225,115	13,180	4,866,045
Vehicles and heavy equipment	157,883	31,141	16,241	172,783
Total accumulated depreciation	4,811,993	256,256	29,421	5,038,828
Total capital assets being depreciated, net	4,456,466	(239,411)	4,393	4,212,662
Business-type activities capital assets, net	\$5,377,687	(\$239,411)	\$4,393	\$5,133,883

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$646,628
Public safety	1,088,811
Highways and streets	8,651,849
Sanitation	425,830
Health and welfare	209,643
Culture and recreation	270,817
Conservation	376,285
Total depreciation expense - governmental activities	<u>\$11,669,863</u>
Business-type activities:	
Salmon Harbor	<u>\$256,256</u>
Total depreciation expense - business-type activities	<u>\$256,256</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2012 is as follows:

<u>Funds</u>	Due from Other Funds	Due to Other Funds	Interfund Loan Receivable	Interfund Loan Payable	Transfers In	Transfers Out
<u>Governmental Funds:</u>						
General Fund	\$1,777,734	\$111,267			\$1,610,455	\$2,069,704
Public Works Fund	39,573	1,122,143			55,000	4,542,769
Public Safety Fund	22,023	281,922			5,021,093	18,000
Health & Social Services Fund	2,380	326,467			1,310,869	697,723
Title III Fund						593,811
Industrial Development Fund		18,885				
Nonmajor governmental funds	103	100,064	\$2,361,529		60,000	135,410
	<u>1,841,813</u>	<u>1,960,748</u>	<u>2,361,529</u>	<u>-</u>	<u>8,057,417</u>	<u>8,057,417</u>
<u>Proprietary Funds:</u>						
Salmon Harbor Fund		44,426		\$2,361,529		
Internal service funds	273,534	110,173				
	<u>273,534</u>	<u>154,599</u>	<u>-</u>	<u>2,361,529</u>	<u>-</u>	<u>-</u>
	<u>\$2,115,347</u>	<u>\$2,115,347</u>	<u>\$2,361,529</u>	<u>\$2,361,529</u>	<u>\$8,057,417</u>	<u>\$8,057,417</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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 2013 fiscal year.

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, 2012, deferred revenue consisted of the following:

	General	Public Works	Public Safety	Health & Social Services	Title III	Industrial Development Fund	Other Gov't Funds	Total
Unearned:								
Fees and rents	\$2,710		\$68,797	\$183				\$71,690
Grant revenues	50,000			10,000	\$4,021,975			4,081,975
Payment in lieu of taxes	569,310							569,310
	622,020	-	68,797	10,183	4,021,975	-	-	4,722,975
Unavailable:								
Assessments		\$134,687						134,687
Land sales contract						\$1,316,587		1,316,587
Property taxes receivable			964,133				\$48,348	1,012,481
Total deferred revenue	\$622,020	\$134,687	\$1,032,930	\$10,183	\$4,021,975	\$1,316,587	\$48,348	\$7,186,730

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

F. Long-term Liabilities

Primary Government
Notes Payable

Description	Maturity Date	Interest Rates	Original Loan	Balance June 30	
				2011	2012
OECD	Dec. 1, 2013	5.19%	\$264,000	\$58,414	\$39,919
OECD - Green Sanitary	Dec. 1, 2031	5%	225,000	-	225,000
City of Sutherlin	Nov.1, 2012	5.00%	84,230	12,568	6,437
Tri-City Water & Sanitary	Dec. 1, 2024	5.25%-5.63%	756,703	545,323	515,878
City of Sutherlin	Dec. 1, 2025	4.45%-5.50%	675,000	465,000	438,000
City of Reedsport	Dec. 1, 2023	3.00%-4.63%	152,319	109,879	103,682
			<u>\$2,157,252</u>	<u>\$1,191,184</u>	<u>\$1,328,916</u>

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
2013	\$101,822	\$67,346
2014	94,002	65,111
2015	77,223	60,222
2016	85,446	56,191
2017	89,208	51,731
2018-2022	481,372	185,053
2023-2027	328,003	59,329
2028-2032	71,840	10,358
	<u>\$1,328,916</u>	<u>\$555,341</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 \$15,289,000 shown as landfill closure and postclosure care liability at June 30, 2012, represents a portion of the total closure and postclosure cost based on the use of approximately 63 percent of estimated capacity of the Roseburg landfill and 100 percent use of estimated capacity of the Reedsport landfill. This represents an increase of \$2,541,000 from the amount of \$12,748,000,

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

which was recorded as the landfill closure and postclosure liability at June 30, 2011. The estimated remaining life of the Roseburg landfill is approximately 13 years. The County will recognize the remaining estimated cost of closure and postclosure care of \$7,511,000 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 2012. 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, 2012 the County assured total closure and postclosure care costs of \$22,800,000.

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. The 1997 Issue Series A Semiannual Tender Revenue Bonds, with an annual rate of 7.5%, due through fiscal 2028 has an outstanding balance of \$1,600,000 as of June 30, 2012. Debt service principal and interest requirements to maturity are as follows:

Year end June 30	Principal	Interest
2012*	\$85,000	\$182,125
2013	45,000	111,938
2014	50,000	108,375
2015	55,000	104,438
2016-2020	330,000	453,000
2021-2025	485,000	302,062
2026-2028	550,000	75,375
	<u>\$1,600,000</u>	<u>\$1,337,313</u>

*On March 1, 2011 the Trustee under the Indenture of Trust notified the Hospital Authority that an event of default occurred under the indenture as a result of the borrower's failure to provide sufficient funds to the Trust to pay interest and principal due on the bonds. Bond principal and interest payments delinquent at June 30, 2012 are \$85,000 and \$182,125 respectively.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

Changes in General Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Notes payable	\$1,191,184	\$225,000	\$87,268	\$1,328,916	\$101,822
Compensated absences	2,187,636	2,240,333	2,187,636	2,240,333	701,783
Accrued claims	1,250,000	673,426	673,426	1,250,000	450,000
Net OPEB obligation	1,128,498	538,397		1,666,895	
Landfill closure and postclosure costs	12,748,000	2,541,000		15,289,000	50,000
Total	\$18,505,318	\$6,218,156	\$2,948,330	\$21,775,144	\$1,303,605

Notes payable are liabilities of the Industrial Development Fund. Compensated absences are liabilities of the funds in which the related payroll costs accrued. Expenditures for liquidating compensated absences are recorded in the general, special revenue, enterprise and internal service funds. At June 30, 2012, \$42,404 of internal service funds compensated absences is included in governmental activities; and \$27,234 is recorded in the business-type activity fund of Salmon Harbor. The net OPEB obligation including that in the internal service funds is part of governmental activities. Any payments related to landfill closure and post-closure care costs are recorded in the General Fund. The accrued claims liability is an internal service fund obligation.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

G. Fund Balance Components in the Governmental Fund Financial Statements

The following schedule presents details of fund balance components at June 30, 2012:

	Major Funds						
	General	Public	Public	Health and		Industrial	Nonmajor
	Fund	Works	Safety	Social	Title III	Development	Governmental
	Fund	Fund	Fund	Services	Fund	Fund	Funds
FUND BALANCES							
Nonspendable:							
Inventories, deposits and prepaids	\$372,637	\$2,248,006	\$115,604	\$29,957			\$5,160
Restricted for:							
Federal Secure Rural Schools							
Title II and Title III programs					\$4,642,588		
Highways, streets and bridges	85,896	78,601,780	107,398				
Health and welfare				6,973,885			139,514
District Attorney grant							
assistance programs	141,180						
Children and family programs	148,229						
Library programs and infrastructure	471,955						
County Clerk recording							
infrastructure	96,465						
Surveyor corner preservation	5,684						
4-H extension service district							401,461
County schools							42,942
Public use law library							33,478
Liquor law enforcement							1,092
County fairs and shows							39,498
	949,409	78,601,780	107,398	6,973,885	4,642,588	-	657,985
Committed to:							
Health and welfare				120,044			
Law enforcement activities			727,790				
Communication services			32,022				
Economic development						\$4,361,400	
Restoration and management of							
county owned forest lands							6,849,247
Preservation of salmon habitat							11,424
Dog control - spay and neuter	77						0
Operations and maintenance of							0
water impoundments							1,761,555
	77	-	759,812	120,044	-	4,361,400	8,622,226
Assigned to:							
FY13 budget appropriations	5,652,031						
Dog control operations	11,217						
Outlays for capital assets							
and facilities							4,077,259
	5,663,248	-	-	-	-	-	4,077,259
Unassigned, reported in:							
General Fund	61,155,131						
Total	\$68,140,502	\$80,849,786	\$982,814	\$7,123,886	\$4,642,588	\$4,361,400	\$13,362,630

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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 coverage in any of the past three fiscal years.

Claims liabilities for general liability are based on an actuarial estimate of the ultimate cost of settling claims, including incurred but not reported (IBNR) claims. Under Oregon Law, general claims are limited to \$566,700 per claimant and \$1,133,300 aggregate per occurrence. Claims under federal jurisdiction are not subject to such limitations. 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 \$372,693. The estimated unpaid loss liability including IBNR at June 30, 2012, was \$750,000.

Coverage for workers' compensation claims in excess of \$1,000,000 per occurrence is purchased from commercial insurers. Claim liabilities are based on 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 \$300,733. Total estimated unpaid loss liability at June 30, 2012, including IBNR, is \$500,000.

The County provides a cafeteria-style health insurance program to employees. The County pays for the first \$1,019 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.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

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
2011-12	\$1,250,000	\$673,426	\$673,426	\$1,250,000
2010-11	1,250,000	496,327	496,327	1,250,000

B. Commitments and Contingencies

The County has commitments under various contracts entered into during the normal course of its operations of approximately \$7,774,989 at June 30, 2012. The approximate commitments by fund are as follows:

General Fund	\$1,136,299
Public Works Fund	1,122,115
Public Safety Fund	3,158,445
Health and Social Services Fund	799,945
County Fair Board Fund	369,641
Capital Projects Fund	562,420
Salmon Harbor Fund	206,667
All other funds	419,457
	\$7,774,989

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.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

C. Pension Plan

Plan Description/Funding Policies

The County is a participating employer in the Oregon Public Employees Retirement System (OPERS), a multi-employer defined benefit public employee pension plan, and maintains a defined contribution plan for the purpose of individual retirement savings through OPERS. OPERS are administered under Oregon Revised Statutes Chapter 238 by the Public Employees Retirement Board (PERB). County employees are eligible to participate in OPERS after six months of employment and benefits vest after five continuous years of service or at age 50.

OPERS, a component unit of the State of Oregon, issue a comprehensive annual financial report that can be obtained by writing Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

County employees participate in one or more of the OPERS retirement plans that provide pension, death, disability, and post-employment healthcare benefits to members or their beneficiaries.

Public Employee Retirement System (PERS) is an agent multiple-employer defined benefit pension plan provided to members who were hired prior to August 20, 2003. In 1995, the Oregon legislature enacted a second level or "tier" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the PERB. The County's PERS rate July 1, 2011 through June 30, 2012 was 20.39% in accordance with the December 31, 2009 valuation. This rate includes a 12.47% factor for the Tier One/Tier Two unfunded actuarial liability (UAL).

Oregon Public Service Retirement Plan (OPSRP) is a cost-sharing multiple-employer defined benefit and defined contribution pension plan created by the Oregon legislature in 2003 as a successor plan for PERS.

- The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The contribution rates for the period July 1, 2011 through June 30, 2012, for the OPSRP defined benefit pension plan were 18.60% for general service employees and 21.31% for police and fire employees. These rates also include a 12.47% factor for the Tier One/Tier Two UAL.
- The Individual Account Program (IAP) is a defined contribution pension plan provided to all members or their beneficiaries who are PERS or OPSRP eligible. Oregon statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. Douglas County has elected to pay all of the employees' required IAP contributions. PERS members retain their existing PERS accounts; however, member contributions have been deposited in the member's IAP since the beginning of 2004 rather than into the member's PERS account.

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

Annual Pension Cost

For June 30, 2012, the County's annual pension cost of \$7,987,952 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2009 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, and (c) projected wage growth, excluding seniority/merit raises, of 3.75% per year. The actuarial value of OPERS assets is reported at fair market value. The unfunded actuarial liability is being amortized over a closed period of twenty years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$6,773,143	100%	0
June 30, 2011	6,891,309	100	0
June 30, 2012	7,987,952	100	0

Funding Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 74 percent funded. The actuarial accrued liability was \$308,521,151, and the actuarial value of the assets was \$228,167,624, resulting in an unfunded actuarial accrued liability (UAAL) of \$80,353,527. The covered payroll (annual payroll of active employees covered by the plan) was \$29,880,985 and the ratio of the UAAL to the covered payroll was 269%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) on page 44, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. Postemployment Health Care Benefits

The County implemented GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension*, in FY 2009. To comply with GASB No. 45, the County must account for other postemployment benefits (OPEB) use the accrual basis of accounting rather than a pay-as-you-go basis. Under accrual accounting, a liability must be recognized when employees earn OPEB rather than when the benefits are paid. To determine OPEB liabilities, the County must obtain an actuarial valuation every two years.

Plan Description

Until they become eligible for Medicare, the County is required by ORS 243.303 to provide retirees continued group health insurance coverage for themselves and their qualified dependents at the same rates as active employees. Retirees must pay the entire premium in order to maintain coverage; the County does not directly contribute to the cost of premiums for retirees. However, premiums paid by retirees do not represent the full cost of providing health insurance to retirees because the County's rates are determined based on claims experience for both active employees and retirees. Since retirees typically have higher medical claims than

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

active employees, medical coverage would be more expensive for retirees in a separately rated health plan. The additional cost of allowing retirees to purchase health insurance at a blended rate is called an implicit rate subsidy and is required to be valued under GASB No. 45. The County treats this implicit rate subsidy as single-employer, defined benefit OPEB plan administered by the County only to satisfy the accounting and financial reporting requirements of GASB No. 45. These are not stand-alone plans and there are no separately issued financial statements.

Funding Policy

Retirees pay the entire cost of premiums at blended rates. The County's only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis. Contribution requirements are established and may be amended by the County's Board of Commissioners in conjunction with various collective bargaining agreements.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC) determined by an actuary. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. The County's OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2012 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011-12	\$936,789	43%	\$1,666,895
2010-11	626,328	51%	1,128,498
2009-10	841,899	56%	819,027

The annual required contribution and the change in the OPEB obligation for fiscal year 2012 are as follows:

	FY2012
Annual required contribution (ARC)	\$931,404
Interest on net OPEB obligation	50,261
Amortization adjustment to ARC	(44,876)
Annual OPEB cost	936,789
Contributions made (implicit rate subsidy)	(398,392)
Change in net OPEB obligation	538,397
Net OPEB obligation, beginning of year	1,128,498
Net OPEB obligation, end of year	<u>\$1,666,895</u>

DOUGLAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS, continued
June 30, 2012

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the actuarially accrued liability was \$7,890,162, all of which is unfunded because the County has not set aside any assets to pre-fund the OPEB based on the implicit rate subsidy. The annual payroll of active employees covered by the County's healthcare plan was \$33,515,025 and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 24%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided at the time of the valuation and the pattern of cost-sharing between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective, including techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the July 1, 2010 actuarial valuation, the actuary used the projected unit credit actuarial cost method. Actuarial assumptions, included a discount rate of 4%, general inflation rate of 3%, projected salary increases of 3.5% per year, and a healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 10 years. The UAAL is being amortized over an open period of 30 years as a level percentage of projected payrolls.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for
Oregon Public Employees Retirement System (OPERS)
And Postemployment Healthcare Benefits

Budget and Actual Schedules – Major Governmental Funds

General Fund

Public Works Fund

Public Safety Fund

Health and Social Services Fund

Title III Fund

Industrial Development Fund

Notes to Budget and Actual Schedules - Major Governmental Funds

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DOUGLAS COUNTY, OREGON
SCHEDULE OF FUNDING PROGRESS
FOR OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
AND POSTEMPLOYMENT HEALTHCARE BENEFITS
June 30, 2012

Oregon Public Employees Retirement System (OPERS)

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
2007	\$265,911,022	\$277,239,311	\$11,328,289	96%	\$32,299,241	35%
2009	226,064,086	295,167,317	69,103,231	77%	30,664,936	225%
2011	228,167,624	308,521,151	80,353,527	74%	29,880,985	269%

Postemployment Healthcare Benefits

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
*7/1/2008	\$0	\$6,617,434	\$6,617,434	0%	\$33,334,587	20%
7/1/2010	0	7,890,162	7,890,162	0%	33,515,025	24%

*The county implemented GASB #45 in fiscal year 2009. This schedule reflects the earliest available information.

DOUGLAS COUNTY, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$4,688,359	\$4,690,729	\$4,373,514	(\$317,215)
Permits, licenses and fines	841,400	841,400	750,813	(90,587)
Intergovernmental:				
O & C funds	12,013,415	12,013,415	9,153,203	(2,860,212)
All other	5,096,465	5,250,815	4,711,199	(539,616)
Interest	900,000	900,000	736,751	(163,249)
Other	470,007	470,507	417,210	(53,297)
Total revenues	24,009,646	24,166,866	20,142,690	(4,024,176)
Expenditures:				
Board of Commissioners	579,640	579,640	517,036	62,604
Justices of the Peace:				
Glendale	154,143	154,143	143,216	10,927
Drain	170,314	170,314	148,236	22,078
Reedsport	167,177	167,177	154,364	12,813
Canyonville	229,874	229,874	228,107	1,767
Juvenile Department	2,982,504	3,095,167	2,956,196	138,971
County Clerk	735,153	756,881	742,305	14,576
Tax Assessment and Collection	2,319,960	2,319,960	2,134,234	185,726
Surveyor	389,520	389,520	374,920	14,600
Planning	1,359,351	1,379,351	1,367,164	12,187
County Counsel	346,639	346,639	344,451	2,188
Financial Services	922,871	992,871	977,142	15,729
Human Resources	490,051	490,051	438,363	51,688
Information Technology	984,192	984,192	978,452	5,740
Facilities and Parks Services	3,475,529	3,558,029	3,541,391	16,638
Nondepartmental	1,067,810	1,067,810	595,806	472,004
Commission on Children and Families	976,681	976,681	836,927	139,754
Building Department	1,037,950	1,037,950	901,728	136,222
District Attorney	1,602,083	1,602,083	1,569,628	32,455
Solid Waste Operations	2,362,496	2,362,496	2,260,442	102,054
Museum	388,720	420,170	418,379	1,791
Library	1,911,440	1,911,440	1,774,353	137,087
Contingency account	1,500,000	751,465		751,465
Total expenditures	26,154,098	25,743,904	23,402,840	2,341,064
Excess (deficiency) of revenues over (under) expenditures	(2,144,452)	(1,577,038)	(3,260,150)	(1,683,112)
Other financing sources (uses):				
Transfers in	1,665,045	1,665,045	1,610,455	(54,590)
Transfers out	(2,038,176)	(2,605,590)	(2,378,212)	227,378
Note receivable collections	9,250	9,250		(9,250)
Total other financing sources (uses)	(363,881)	(931,295)	(767,757)	163,538
Net change in fund balance	(2,508,333)	(2,508,333)	(4,027,907)	(1,519,574)
Fund balance, beginning	66,500,000	66,500,000	71,940,495	5,440,495
Fund balance, ending	\$63,991,667	\$63,991,667	\$67,912,588	\$3,920,921

Actual Expenditures by Function					
General Government	Public Safety	Sanitation	Health and Welfare	Culture and Recreation	Capital Outlay
\$515,930					\$1,106
143,216					
148,236					
151,692					2,672
228,107					
2,936,740					19,456
737,280					5,025
2,130,657					3,577
374,920					
1,367,164					
344,451					
977,142					
438,363					
974,232					4,220
1,803,148			\$29,416	\$1,362,187	346,640
595,806					
	\$836,927				
	901,728				
	1,554,914				14,714
		\$2,255,942			4,500
				414,162	4,217
				1,763,615	10,738
<u>\$13,867,084</u>	<u>\$3,293,569</u>	<u>\$2,255,942</u>	<u>\$29,416</u>	<u>\$3,539,964</u>	<u>\$416,865</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, 2012

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)		
	Original	Final			Highways and Streets	Capital Outlay
Revenues:						
Charges for services	\$105,700	\$105,700	\$32,558	(\$73,142)		
Permits, licenses and fines			1,088	1,088		
Intergovernmental:						
Federal forest receipts	5,783,361	5,783,361	5,702,510	(80,851)		
State motor vehicle fees	7,807,487	7,807,487	7,032,214	(775,273)		
Other	787,497	787,497	1,510,670	723,173		
Assessments	50,000	50,000	26,539	(23,461)		
Interest	1,020,000	1,020,000	859,625	(160,375)		
Other	48,500	48,500	46,406	(2,094)		
Total revenues	15,602,545	15,602,545	15,211,610	(390,935)		
Expenditures:						
Administration	518,639	518,639	459,489	59,150	\$459,489	
Engineering	5,447,075	5,393,075	5,354,507	38,568	1,241,694	\$4,112,813
Road Operations and Maintenance	9,352,879	9,052,879	9,047,662	5,217	9,047,662	
Total expenditures	15,318,593	14,964,593	14,861,658	102,935	\$10,748,845	\$4,112,813
Excess (deficiency) of revenues over (under) expenditures	283,952	637,952	349,952	(288,000)		
Other financing sources (uses):						
Transfer in	55,000	55,000	55,000			
Transfer out	(4,954,549)	(5,308,549)	(4,542,769)	765,780		
Note receivable collections			34,397	34,397		
Total other financing sources (uses)	(4,899,549)	(5,253,549)	(4,453,372)	800,177		
Net change in fund balance	(4,615,597)	(4,615,597)	(4,103,420)	512,177		
Fund balance, beginning	80,000,000	80,000,000	82,580,846	2,580,846		
Fund balance, ending	\$75,384,403	\$75,384,403	\$78,477,426	\$3,093,023		

DOUGLAS COUNTY, OREGON
PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)		
	Original	Final				
Revenues:						
Charges for services	\$1,927,409	\$1,927,409	\$1,966,995	\$39,586		
Permits, licenses and fines	351,400	351,400	317,144	(34,256)		
Intergovernmental	4,035,641	4,180,061	4,030,121	(149,940)		
Property taxes	7,865,000	7,865,000	8,375,696	510,696		
Interest	16,000	16,000	19,279	3,279		
Other	226,581	226,581	250,314	23,733		
Total revenues	14,422,031	14,566,451	14,959,549	393,098		
					Actual Expenditures by Function	
					Public Safety	Capital Outlay
Expenditures:						
Sheriff Enforcement	10,053,384	10,764,834	10,143,859	620,975	\$9,935,162	\$208,697
Sheriff Corrections	5,800,671	6,056,671	5,992,801	63,870	5,992,801	
Work Crew	1,097,791	1,097,791	1,016,772	81,019	1,016,772	
Douglas Interagency Narcotics Team	634,122	685,437	641,684	43,753	612,898	28,786
Communications and Electronics	2,250,385	2,407,220	2,310,943	96,277	2,297,185	13,758
Total expenditures	19,836,353	21,011,953	20,106,059	905,894	\$19,854,818	\$251,241
Excess (deficiency) of revenues over (under) expenditures	(5,414,322)	(6,445,502)	(5,146,510)	1,298,992		
Other financing sources:						
Transfers in	5,078,285	6,118,120	5,021,093	(1,097,027)		
Transfers out	(18,000)	(45,000)	(18,000)	27,000		
Net change in fund balance	(354,037)	(372,382)	(143,417)	228,965		
Fund balance, beginning	557,837	576,182	1,126,231	550,049		
Fund balance, ending	\$203,800	\$203,800	\$982,814	\$779,014		

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, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)		
	Original	Final	Actual		Health and Welfare	Capital Outlay
Revenues:						
Charges for services	\$458,932	\$417,896	\$461,464	\$43,568		
Permits, licenses and fines	222,429	210,279	222,412	12,133		
Intergovernmental	27,197,714	27,817,633	24,990,205	(2,827,428)		
Interest	52,917	52,917	70,599	17,682		
Other	171,937	176,045	177,083	1,038		
Total revenues	28,103,929	28,674,770	25,921,763	(2,753,007)		
Expenditures:						
Administration	2,799,453	2,826,453	2,290,207	536,246	\$2,280,333	\$9,874
Senior and Veterans Services	1,237,686	1,316,199	1,099,513	216,686	1,099,513	
Community Health	3,326,852	3,538,824	3,214,739	324,085	3,205,899	8,840
Mental Health and Disabilities Services	27,164,717	27,460,818	18,757,480	8,703,338	18,697,708	59,772
Transportation Services	1,201,664	1,222,748	1,053,337	169,411	1,049,229	4,108
Total expenditures	35,730,372	36,365,042	26,415,276	9,949,766	\$26,332,682	\$82,594
Excess (deficiency) of revenues over (under) expenditures	(7,626,443)	(7,690,272)	(493,513)	7,196,759		
Other financing sources (uses):						
Transfers in	1,472,418	1,536,247	1,310,869	(225,378)		
Transfers out	(697,723)	(697,723)	(697,723)			
Total other financing sources (uses)	774,695	838,524	613,146	(225,378)		
Net change in fund balance	(6,851,748)	(6,851,748)	119,633	6,971,381		
Fund balance, beginning	6,851,748	6,851,748	7,004,253	152,505		
Fund balance, ending	\$ -	\$ -	\$7,123,886	\$7,123,886		

DOUGLAS COUNTY, OREGON
TITLE III FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$6,914,764	\$6,914,764	\$3,363,418	(\$3,551,346)
Interest	60,000	60,000	88,864	28,864
Total revenues	6,974,764	6,974,764	3,452,282	(3,522,482)
Expenditures:				
General Government:				
Materials and Services	9,048,706	8,873,706	2,498,340	6,375,366
Capital Outlay	100,000	100,000		100,000
Total expenditures	9,148,706	8,973,706	2,498,340	6,475,366
Excess (deficiency) of revenues over (under) expenditures	(2,173,942)	(1,998,942)	953,942	2,952,884
Other financing sources (uses):				
Transfers out	(751,058)	(926,058)	(593,811)	332,247
Net change in fund balance	(2,925,000)	(2,925,000)	360,131	3,285,131
Fund balance, beginning	5,250,000	5,250,000	4,282,457	(967,543)
Fund balance, ending	\$2,325,000	\$2,325,000	\$4,642,588	\$2,317,588

DOUGLAS COUNTY, OREGON
INDUSTRIAL DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$465,000	\$465,000	\$443,908	(\$21,092)
Interest	69,825	69,825	68,082	(1,743)
Other	15,000	15,000	50,334	35,334
Total revenues	549,825	549,825	562,324	12,499
Expenditures:				
General Government:				
Materials and services	508,800	508,800	149,311	359,489
Capital outlay	897,000	897,000	9,320	887,680
Debt service:				
Principal	87,300	87,300	87,268	32
Interest	63,650	63,650	63,650	
Total expenditures	1,556,750	1,556,750	309,549	1,247,201
Excess (deficiency) of revenues over (under) expenditures	(1,006,925)	(1,006,925)	252,775	1,259,700
Other financing sources (uses):				
Notes receivable collections	52,850	52,850	16,885	(35,965)
Total other financing sources (uses)	52,850	52,850	16,885	(35,965)
Net change in fund balance	(954,075)	(954,075)	269,660	1,223,735
Fund balance, beginning	2,888,724	2,888,724	2,882,774	(5,950)
Fund balance, ending	\$1,934,649	\$1,934,649	\$3,152,434	\$1,217,785

DOUGLAS COUNTY, OREGON
NOTES TO BUDGET AND ACTUAL SCHEDULES
MAJOR GOVERNMENTAL FUNDS
June 30, 2012

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	Industrial Development Fund
Net change in fund balances - budgetary basis	(\$4,027,907)	(\$4,103,420)	\$269,660
The change in fair value of investments is not recorded on a budgetary basis since investments are held to maturity	(208,212)	(240,518)	
Loan receivable collections treated as other financing source on budgetary basis		(34,397)	(16,885)
Deposit expensed on budgetary basis	(483,168)		
Change in fund balance for the Dog Control Fund on a budgetary basis is included in General Fund on the GAAP basis	944		
Net change in fund balances - GAAP basis	<u>(\$4,718,343)</u>	<u>(\$4,378,335)</u>	<u>\$252,775</u>

A reconciliation of the June 30, 2012 fund balances on the budgetary basis to ending fund balances on the GAAP basis is as follows:

	General Fund	Public Works Fund	Industrial Development Fund
Fund balances, budgetary basis, June 30, 2012	\$67,912,588	\$78,477,426	\$3,152,434
Loans receivable from others treated as other financing uses on budgetary basis		206,381	1,208,966
Deposit treated as expenditure on budgetary basis	276,293		
Inventories treated as expenditures on budgetary basis		2,235,390	
Investments adjusted to fair value	(59,673)	(69,411)	
Fund balance for the Dog Control Fund on a budgetary basis is included in General Fund on the GAAP basis	11,294		
Fund balances, GAAP basis, June 30, 2012	<u>\$68,140,502</u>	<u>\$80,849,786</u>	<u>\$4,361,400</u>

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

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 court fines that are to be expended as provided by ORS 471.670.

County Forest Management Fund

This fund was established to receive monies from the sale of timber from County-owned lands. Expenditures are for reforestation and management of County-owned forestlands as well as Board of Commissioner directed uses.

County Fair Board Fund

This fund was established as required by ORS 565.325. This fund records all transactions relating to the operation of the county fair. The major revenue sources are admissions, rentals and concessions.

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 receives monies provided for in ORS 430.380 that must be used for alcohol and drug abuse prevention, early intervention and drug treatment.

4-H Extension Service District

The 4-H Extension Service District is a blended component unit of Douglas County. This fund accounts for moneys received from the operation of the Douglas County 4-H Extension Service. Property taxes are the major source of revenue to this fund. Expenditures are for the operations and administration of the District.

Capital Projects Fund

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

Dog Control Fund

All fees and fines derived from dog licensing, animal control fines, and rabies fees and fines are required to be deposited in a Dog Control Fund pursuant to ORS 609.110. Expenditures are restricted to those set forth in ORS Chapter 609. Currently, inflows of this fund are from statutory sources as well as transfers from other funds. Under GASB No. 54, the transfers from other funds disqualify this fund from being a separate special revenue fund. Therefore, this fund's activity is reported in General Fund for GAAP (generally accepted accounting principles) purposes.

DOUGLAS COUNTY, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board	Salmon Habitat Improvement
ASSETS					
Cash and investments	\$38,309	\$935	\$4,442,874	\$28,469	\$11,424
Receivables	70	157	66,353	40,603	
Due from other funds	85				
Deposits and prepaid items	420			4,500	
Interfund loan receivable			2,361,529		
Total assets	\$38,884	\$1,092	\$6,870,756	\$73,572	\$11,424
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable				\$2,172	
Accrued payroll, withholdings and benefits			\$7,405	13,683	
Due to other funds	\$4,986		14,104	13,719	
Deferred revenues					
Total liabilities	4,986	-	21,509	29,574	-
Fund Balances:					
Nonspendable	420			4,500	
Restricted	33,478	\$1,092		39,498	
Committed			6,849,247		\$11,424
Assigned					
Total fund balances	33,898	1,092	6,849,247	43,998	11,424
Total liabilities and fund balances	\$38,884	\$1,092	\$6,870,756	\$73,572	\$11,424

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
County Schools	Water Development	Drug Abuse Prevention	4-H Extension Service District		
\$23,575	\$1,520,981	\$157,460	\$482,308	\$4,078,759	\$10,785,094
19,367	288,641	8,070	57,021		480,282
				18	103
	240				5,160
					2,361,529
<u>\$42,942</u>	<u>\$1,809,862</u>	<u>\$165,530</u>	<u>\$539,329</u>	<u>\$4,078,777</u>	<u>\$13,632,168</u>
			\$89,520		\$91,692
	\$8,346				29,434
	39,721	\$26,016		\$1,518	100,064
			48,348		48,348
-	48,067	26,016	137,868	1,518	269,538
	240				5,160
\$42,942		139,514	401,461		657,985
	1,761,555				8,622,226
				4,077,259	4,077,259
<u>42,942</u>	<u>1,761,795</u>	<u>139,514</u>	<u>401,461</u>	<u>4,077,259</u>	<u>13,362,630</u>
<u>\$42,942</u>	<u>\$1,809,862</u>	<u>\$165,530</u>	<u>\$539,329</u>	<u>\$4,078,777</u>	<u>\$13,632,168</u>

DOUGLAS COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Special Revenue Funds					
	Law Library	Liquor Law Enforcement	County Forest Management	County Fair Board	Salmon Habitat Improvement	County Schools
Revenues:						
Charges for services	\$572			\$1,091,574		
Permits, licenses and fines	94,168	\$21,034				
Intergovernmental			\$36,630	50,002		\$2,058,498
Property taxes						
Interest	515	55	48,225	242	\$120	1,953
Other	250		573,556	710,350		1,117
Total revenues	95,505	21,089	658,411	1,852,168	120	2,061,568
Expenditures:						
Current:						
General Government	67,710		653,244			
Health and Welfare						
Culture and Recreation				1,925,224		
Conservation						
Education						2,020,090
Capital outlay			15,199	7,419		
Total expenditures	67,710	-	668,443	1,932,643		2,020,090
Excess (deficiency) of revenues over (under) expenditures	27,795	21,089	(10,032)	(80,475)	120	41,478
Other financing sources (uses):						
Transfers in			60,000			
Transfers out	(40,000)	(22,410)	(27,000)			
Total other financing sources (uses)	(40,000)	(22,410)	33,000	-	-	-
Net change in fund balances	(12,205)	(1,321)	22,968	(80,475)	120	41,478
Fund balances, beginning	46,103	2,413	6,826,279	124,473	11,304	1,464
Fund balances, ending	\$33,898	\$1,092	\$6,849,247	\$43,998	\$11,424	\$42,942

Special Revenue Funds				Total
Water	Drug	4-H Extension	Capital	Nonmajor
Development	Abuse	Service	Projects	Governmental
	Prevention	District	Fund	Funds
\$1,024,158				\$2,116,304
				115,202
118,072	\$92,982	\$3,277		2,359,461
		420,946		420,946
15,049	1,635	5,733	\$44,117	117,644
4,855				1,290,128
1,162,134	94,617	429,956	44,117	6,419,685
			91,547	812,501
	103,791			103,791
		348,152		2,273,376
817,199				817,199
				2,020,090
			147,036	169,654
817,199	103,791	348,152	238,583	6,196,611
344,935	(9,174)	81,804	(194,466)	223,074
				60,000
(46,000)				(135,410)
(46,000)	-	-	-	(75,410)
298,935	(9,174)	81,804	(194,466)	147,664
1,462,860	148,688	319,657	4,271,725	13,214,966
\$1,761,795	\$139,514	\$401,461	\$4,077,259	\$13,362,630

DOUGLAS COUNTY, OREGON
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$1,050	\$1,050	\$572	(\$478)
Permits, licenses and fines	122,000	122,000	94,168	(27,832)
Interest	750	750	515	(235)
Other			250	250
Total revenues	123,800	123,800	95,505	(28,295)
Expenditures:				
General Government:				
Materials and services	88,765	88,765	67,710	21,055
Total expenditures	88,765	88,765	67,710	21,055
Excess (deficiency) of revenues over (under) expenditures	35,035	35,035	27,795	(7,240)
Other financing sources (uses):				
Transfers out	(40,000)	(40,000)	(40,000)	
Net change in fund balance	(4,965)	(4,965)	(12,205)	(7,240)
Fund balance, beginning	44,500	44,500	46,103	1,603
Fund balance, ending	\$39,535	\$39,535	\$33,898	(\$5,637)

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Permits, licenses and fines	\$47,000	\$47,000	\$21,034	(\$25,966)
Interest			55	55
Total revenues	47,000	47,000	21,089	(25,911)
Other financing sources (uses):				
Transfers out	(47,000)	(47,000)	(22,410)	24,590
Net change in fund balance			(1,321)	(1,321)
Fund balance, beginning	-	-	2,413	2,413
Fund balance, ending	\$ -	\$ -	\$1,092	\$1,092

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$50,000	\$50,000	\$36,630	(\$13,370)
Interest	46,670	46,670	48,225	1,555
Other:				
County timber sales	250,000	250,000	487,876	237,876
Other miscellaneous	36,365	36,365	85,680	49,315
Total revenues	383,035	383,035	658,411	275,376
Expenditures:				
General Government:				
Personal services	470,194	470,194	419,862	50,332
Materials and services	391,930	391,930	233,382	158,548
Capital outlay	1,000,000	1,000,000	15,199	984,801
Contingency account	10,000	10,000		10,000
Total expenditures	1,872,124	1,872,124	668,443	1,203,681
Excess (deficiency) of revenues over (under) expenditures	(1,489,089)	(1,489,089)	(10,032)	1,479,057
Other financing sources (uses):				
Transfers in	60,000	60,000	60,000	
Transfers out	(27,000)	(27,000)	(27,000)	
Notes receivable collections	670	670	20,656	19,986
Repayment of interfund loan	2,361,529	2,361,529	2,361,529	
Interfund loan	(2,361,529)	(2,361,529)	(2,361,529)	
Total other financing sources (uses)	33,670	33,670	53,656	19,986
Net change in fund balance	(1,455,419)	(1,455,419)	43,624	1,499,043
Fund balance, beginning	3,500,000	3,500,000	4,377,740	877,740
Fund balance, ending	\$2,044,581	\$2,044,581	\$4,421,364	\$2,376,783
Total from above:				
Net change in fund balance			\$43,624	
Notes receivable collections			(20,656)	
Repayment of interfund loan			(2,361,529)	
Interfund loan			2,361,529	
Net change in fund balance in Combining Statement of Revenues, Expenditures, and Changes in Fund Balances			\$22,968	

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$1,315,769	\$1,315,769	\$1,091,574	(\$224,195)
Intergovernmental	36,031	36,031	50,002	13,971
Interest	2,400	2,400	242	(2,158)
Other	637,565	637,565	710,350	72,785
Total revenues	1,991,765	1,991,765	1,852,168	(139,597)
Expenditures:				
Culture and Recreation:				
Personal services	914,596	804,596	804,454	142
Materials and services	1,077,169	1,179,669	1,120,770	58,899
Capital outlay		7,500	7,419	81
Total expenditures	1,991,765	1,991,765	1,932,643	59,122
Net change in fund balance			(80,475)	(80,475)
Fund balance, beginning			124,473	124,473
Fund balance, ending	\$ -	\$ -	\$43,998	\$43,998

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$75,000	\$75,000		(\$75,000)
Interest	200	200	\$120	(80)
Total revenues	75,200	75,200	120	(75,080)
Expenditures:				
General Government:				
Materials and services	75,200	75,200		75,200
Net change in fund balance			120	120
Fund balance, beginning			11,304	11,304
Fund balance, ending	\$ -	\$ -	\$11,424	\$11,424

DOUGLAS COUNTY, OREGON
COUNTY SCHOOLS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Intergovernmental:			
Federal forest receipts	\$1,927,787	\$1,927,787	\$1,900,837
Other	320,000	320,000	157,661
Interest	15,000	15,000	1,953
Other	5,000	5,000	1,117
			(3,883)
Total revenues	<u>2,267,787</u>	<u>2,267,787</u>	<u>2,061,568</u>
			(206,219)
Expenditures:			
Education:			
Materials and services	<u>2,267,787</u>	<u>2,267,787</u>	<u>2,020,090</u>
			247,697
Net change in fund balance	-	-	41,478
			41,478
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>1,464</u>
			1,464
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$42,942</u>
			\$42,942

DOUGLAS COUNTY, OREGON
WATER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts		Variance with Final Budget Positive (Negative)		Actual Expenditures by function	
	Original	Final	Actual		Conservation	Capital Outlay
Revenues:						
Charges for services	\$720,000	\$720,000	\$1,024,158	\$304,158		
Intergovernmental	85,000	85,000	118,072	33,072		
Interest	12,000	12,000	15,049	3,049		
Other			4,855	4,855		
Total revenues	817,000	817,000	1,162,134	345,134		
Expenditures:						
Galesville operations	829,193	827,193	744,757	82,436	\$744,757	
Watermaster	71,465	73,465	72,442	1,023	72,442	
Contingency account	100,000	100,000		100,000		
Total expenditures	1,000,658	1,000,658	817,199	183,459	\$817,199	\$ -
Excess (deficiency) of revenues over (under) expenditures	(183,658)	(183,658)	344,935	528,593		
Other financing sources (uses):						
Transfers out	(46,000)	(46,000)	(46,000)			
Net change in fund balance	(229,658)	(229,658)	298,935	528,593		
Fund balance, beginning	800,000	800,000	1,462,860	662,860		
Fund balance, ending	\$570,342	\$570,342	\$1,761,795	\$1,191,453		

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$100,000	\$100,000	\$92,982	(\$7,018)
Interest	1,500	1,500	1,635	135
Total revenues	101,500	101,500	94,617	(6,883)
Expenditures:				
Health and Welfare:				
Materials and services	246,500	246,500	103,791	142,709
Total expenditures	246,500	246,500	103,791	142,709
Net change in fund balance	(145,000)	(145,000)	(9,174)	135,826
Fund balance, beginning	145,000	145,000	148,688	3,688
Fund balance, ending	\$ -	\$ -	\$139,514	\$139,514

DOUGLAS COUNTY, OREGON
4H EXTENSION SERVICE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$3,500	\$3,500	\$3,277	(\$223)
Property taxes	422,276	422,276	420,946	(1,330)
Interest	4,500	4,500	5,733	1,233
Total revenues	430,276	430,276	429,956	(320)
Expenditures:				
Culture and Recreation:				
Materials and services	439,245	439,245	348,152	91,093
Capital outlay	500	500		500
Contingency account	21,987	21,987		21,987
Total expenditures	461,732	461,732	348,152	113,580
Net change in fund balance	(31,456)	(31,456)	81,804	113,260
Fund balance, beginning	303,323	303,323	319,657	16,334
Fund balance, ending	\$271,867	\$271,867	\$401,461	\$129,594

DOUGLAS COUNTY, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$45,000	\$45,000	\$44,117	(\$883)
Total revenues	45,000	45,000	44,117	(883)
Expenditures:				
General Government:				
Personal services		70,000	54,595	15,405
Material and services	145,000	43,000	36,952	6,048
Capital Outlay	100,000	156,000	147,036	8,964
Total expenditures	245,000	269,000	238,583	30,417
Net change in fund balance	(200,000)	(224,000)	(194,466)	29,534
Fund balance, beginning	4,200,000	4,224,000	4,271,725	47,725
Fund balance, ending	\$4,000,000	\$4,000,000	\$4,077,259	\$77,259

DOUGLAS COUNTY, OREGON
DOG CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services			\$375	\$375
Permits, licenses and fines	\$100,000	\$89,500	83,627	(5,873)
Interest			24	24
Total revenues	100,000	89,500	84,026	(5,474)
Expenditures:				
General Government:				
Dog Control Operations	252,304	261,554	256,564	4,990
Predatory Animal Control	136,454	136,454	135,026	1,428
Total expenditures	388,758	398,008	391,590	6,418
Excess (deficiency) of revenues over (under) expenditures	(288,758)	(308,508)	(307,564)	944
Other financing sources:				
Transfers in	288,758	308,508	308,508	
Net change in fund balance			944	944
Fund balance, beginning			10,350	10,350
Fund balance, ending	\$ -	\$ -	11,294	\$11,294
Adjust for GASB #54 reclassification as part of General Fund for GAAP purposes			(11,294)	
Ending Fund Balance, GAAP basis			\$ -	

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.

DOUGLAS COUNTY, OREGON
SALMON HARBOR FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$1,234,779	\$1,234,779	\$1,157,733	(\$77,046)
Intergovernmental	218,677	218,677	203,700	(14,977)
Interest	13,867	13,867	9,312	(4,555)
Other	477,738	477,738	586,770	109,032
Total revenues	1,945,061	1,945,061	1,957,515	12,454
Expenditures:				
Personal services	787,881	787,881	753,908	33,973
Materials and services	1,196,662	1,196,662	1,147,429	49,233
Capital outlay	464,000	464,000	33,023	430,977
Total expenditures	2,448,543	2,448,543	1,934,360	514,183
Excess (deficiency) of revenues over (under) expenditures	(503,482)	(503,482)	23,155	526,637
Other financing sources (uses):				
Interfund loan proceeds	2,361,529	2,361,529	2,361,529	
Repayment of interfund loan	(2,361,529)	(2,361,529)	(2,361,529)	
Total other financing sources (uses)	-	-	-	
Net change in fund balance	(503,482)	(503,482)	23,155	526,637
Total fund balance-beginning	503,482	503,482	766,387	262,905
Total fund balance-ending	\$ -	\$ -	\$789,542	\$789,542
Total from above:				
Net change in fund balance			\$23,155	
Add (Deduct):				
Capitalized expenditures, net			12,452	
Repayment of interfund loan			2,361,529	
Change in inventories			(492)	
Depreciation			(256,256)	
Interfund loan proceeds			(2,361,529)	
Change in net assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets				(\$221,141)

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, 2012

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
ASSETS			
Current assets:			
Cash and investments	\$9,820,217	\$1,229,692	\$11,049,909
Receivables		11,173	11,173
Due from other funds	11,101	262,433	273,534
Inventories		279,681	279,681
Deposits and prepaid expenses	55,902		55,902
Total current assets	9,887,220	1,782,979	11,670,199
Capital assets:			
Furniture and equipment		212,175	212,175
Vehicles and heavy equipment		3,811,983	3,811,983
Less accumulated depreciation		(3,215,194)	(3,215,194)
Total capital assets (net of accumulated depreciation)	-	808,964	808,964
Total assets	9,887,220	2,591,943	12,479,163
LIABILITIES			
Current liabilities:			
Accounts payable	3,511		3,511
Accrued payroll, withholdings and benefits	1,385,506	16,115	1,401,621
Accrued compensated absences		42,404	42,404
Accrued claims liability	450,000		450,000
Due to other funds	81,634	28,539	110,173
Total current liabilities	1,920,651	87,058	2,007,709
Noncurrent liabilities:			
Accrued claims liability	800,000		800,000
Total liabilities	2,720,651	87,058	2,807,709
NET ASSETS			
Invested in capital assets		808,964	808,964
Unrestricted	7,166,569	1,695,921	8,862,490
Total net assets	\$7,166,569	\$2,504,885	\$9,671,454

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2012

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
Operating revenues:			
Interdepartmental charges	\$9,473,181	\$3,290,584	\$12,763,765
Other	1,240,152	168,523	1,408,675
Total operating revenues	10,713,333	3,459,107	14,172,440
Operating expenses:			
Salaries and wages	134,231	504,931	639,162
Payroll taxes and benefits		320,049	320,049
Premiums and operating expenses	10,074,301		10,074,301
Operating supplies and expenses		2,294,090	2,294,090
Utilities		61,414	61,414
Depreciation		260,538	260,538
Total operating expenses	10,208,532	3,441,022	13,649,554
Operating income	504,801	18,085	522,886
Nonoperating revenues and expenses:			
Interest income	98,454	13,169	111,623
Gain (loss) on sale of capital assets		5,177	5,177
Total nonoperating revenues and expenses	98,454	18,346	116,800
Change in net assets	603,255	36,431	639,686
Total net assets - beginning	6,563,314	2,468,454	9,031,768
Total net assets - ending	\$7,166,569	\$2,504,885	\$9,671,454

DOUGLAS COUNTY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2012

	Governmental Activities - Internal Service Funds		
	Employee Benefit Trust	Fleet Management	Total
Cash flow from operating activities:			
Receipts from interfund services provided	\$10,723,429	\$3,337,012	\$14,060,441
Payments to suppliers and contractors	(10,232,249)	(2,298,517)	(12,530,766)
Payments to employees	91,779	(855,770)	(763,991)
Other operating receipts		168,523	168,523
Net cash provided by (used in) operating activities	582,959	351,248	934,207
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets		28,725	28,725
Acquisition of capital assets		(430,312)	(430,312)
Net cash provided by (used in) capital and related financing activities	-	(401,587)	(401,587)
Cash flows from investing activities:			
Interest received	98,454	13,169	111,623
Net increase (decrease) in cash and cash equivalents	681,413	(37,170)	644,243
Cash and cash equivalents, beginning	9,138,804	1,266,862	10,405,666
Cash and cash equivalents, ending	\$9,820,217	\$1,229,692	\$11,049,909
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$504,801	\$18,085	\$522,886
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation		260,538	260,538
(Increase) decrease in:			
Accounts receivable	12,645	4,007	16,652
Prepaid expenses and deposits	(27,470)		(27,470)
Inventories		52,626	52,626
Interfund receivables	(2,549)	42,421	39,872
Increase (decrease) in:			
Accounts payable	(4,392)		(4,392)
Accrued payroll, withholdings and benefits	226,010	(25,212)	200,798
Accrued compensated absences		(5,578)	(5,578)
Interfund payables	(126,086)	4,361	(121,725)
Total adjustments	78,158	333,163	411,321
Net cash provided by (used in) operating activities	\$582,959	\$351,248	\$934,207

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interdepartmental charges	\$10,294,977	\$10,294,977	\$9,473,181	(\$821,796)
Interest	79,000	79,000	98,454	19,454
Other	1,200,000	1,200,000	1,240,152	40,152
Total revenues	11,573,977	11,573,977	10,811,787	(762,190)
Expenditures:				
Personal services	43,639	137,639	134,231	3,408
Materials and services	12,688,850	12,594,850	10,074,301	2,520,549
Total expenditures	12,732,489	12,732,489	10,208,532	2,523,957
Net change in fund balance	(1,158,512)	(1,158,512)	603,255	1,761,767
Fund balance, beginning	4,450,000	4,450,000	6,563,314	2,113,314
Fund balance, ending	\$3,291,488	\$3,291,488	\$7,166,569	\$3,875,081

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interdepartmental charges	\$3,572,000	\$3,572,000	\$3,290,584	(\$281,416)
Interest	20,000	20,000	13,169	(6,831)
Other	118,500	118,500	197,248	78,748
Total revenues	3,710,500	3,710,500	3,501,001	(209,499)
Expenditures:				
Personal services	842,268	842,268	824,980	17,288
Materials and services	2,338,220	2,338,220	2,298,667	39,553
Capital outlay	549,000	549,000	434,523	114,477
Contingency account	200,000	200,000		200,000
Total expenditures	3,929,488	3,929,488	3,558,170	371,318
Net change in fund balance	(218,988)	(218,988)	(57,169)	161,819
Fund balance, beginning	1,200,000	1,200,000	1,473,409	273,409
Fund balance, ending	\$981,012	\$981,012	\$1,416,240	\$435,228
Total from above:				
Net change in fund balance			(\$57,169)	
Add: Capitalized expenditures			430,312	
Less: Depreciation			(260,538)	
Capital asset disposals			(23,548)	
Change in inventories			(52,626)	
Change in net assets as reported in the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets				\$36,431

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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Assets:				
Equity in pooled cash and investments	\$1,027,629	\$92,363,733	92,025,965	\$1,365,397
Property taxes receivable	9,628,469	76,482,757	76,105,434	10,005,792
Accrued interest receivable	86,872	560,911	616,212	31,571
Total assets	\$10,742,970	\$169,407,401	\$168,747,611	\$11,402,760
Liabilities:				
Due to other governmental units	\$10,742,970	\$169,407,401	\$168,747,611	\$11,402,760

CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

DOUGLAS COUNTY, OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2012

Governmental funds capital assets:

Land	\$12,132,028
Buildings and improvements	42,750,994
Furniture and equipment	14,806,036
Vehicles and heavy equipment	20,218,688
Dam structures and improvements	28,221,320
Infrastructure	341,032,223
Construction in progress	<u>5,098,174</u>
Total governmental funds capital assets	<u><u>\$464,259,463</u></u>

Investments in governmental funds capital assets by source:

General fund	\$41,577,864
Special revenue funds	390,647,269
Capital projects funds	29,331,897
Donations	<u>2,702,433</u>
Total governmental funds capital assets	<u><u>\$464,259,463</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, 2012

Function and Activity	Land	Structures and Improvements	Buildings and Improvements	Furniture and Equipment	Vehicles and Heavy Equipment	Infrastructure	Construction in Progress	Total
General Government	\$3,374,318		\$18,637,287	\$1,408,717	\$59,644	\$894,178	\$9,320	\$24,383,464
Public Safety			2,162,220	10,414,955	565,181			13,142,356
Highways and Streets	649,300		2,857,601	1,593,642	13,664,867	329,482,688	460,747	348,708,845
Sanitation	1,299,430			348,976	4,728,916	10,655,357		17,032,679
Health and Welfare	467,544		3,893,883	619,252	903,820			5,884,499
Culture and Recreation	1,362,799		15,200,003	308,271	296,260			17,167,333
Conservation	4,978,637	\$28,221,320		112,223			4,628,107	37,940,287
Total governmental funds capital assets	\$12,132,028	\$28,221,320	\$42,750,994	\$14,806,036	\$20,218,688	\$341,032,223	\$5,098,174	\$464,259,463

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, 2012

Function and Activity	Governmental Funds Capital Assets June 30, 2011	Additions and Transfers	Deletions and Transfers	Governmental Funds Capital Assets June 30, 2012
General Government	\$24,454,297	\$20,839	\$91,670	\$24,383,466
Public Safety	13,115,232	192,192	165,070	13,142,354
Highways and Streets	347,741,976	1,532,143	565,274	348,708,845
Sanitation	17,032,679			17,032,679
Health and Welfare	6,040,173	9,874	165,548	5,884,499
Culture and Recreation	17,064,227	108,951	5,845	17,167,333
Conservation	37,926,387	13,900		37,940,287
Total governmental funds capital assets	<u>\$463,374,971</u>	<u>\$1,877,899</u>	<u>\$993,407</u>	<u>\$464,259,463</u>

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

OTHER FINANCIAL SCHEDULES

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

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

DOUGLAS COUNTY, OREGON
SCHEDULE OF CASH RECEIPTS AND TURNS - ELECTED OFFICIALS
June 30, 2012

	County Clerk	Sheriff - Civil and Criminal	County Surveyor	Justice of the Peace				District Attorney	County Assessor	Total
				Canyonville	Reedsport	Drain	Glendale			
Cash, July 1, 2011	\$5,396	\$86,377	\$50	\$74,515	\$53,565	\$10,574	\$8,603	\$50	\$1,440	\$240,570
Receipts	1,176,702	5,958,004	48,363	769,892	311,119	121,732	120,707	308,824	8,155	8,823,498
Turnovers:										
County Treasurer	1,177,914	5,714,500	48,363	480,185	188,456	82,079	78,675	308,824	9,545	8,088,541
Others		307,225		300,302	134,883	30,204	34,943			807,557
Total turnovers	1,177,914	6,021,725	48,363	780,487	323,339	112,283	113,618	308,824	9,545	8,896,098
Cash, June 30, 2012	\$4,184	\$22,656	\$50	\$63,920	\$41,345	\$20,023	\$15,692	\$50	\$50	\$167,970

DOUGLAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2012

<u>Tax Year</u>	<u>Taxes Receivable June 30, 2011</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, 2012</u>
2012		\$90,636,117	\$2,174,661	(\$236,490)	\$83,007,456	\$5,217,510
2011	\$5,387,162			(29,753)	2,438,862	2,918,547
2010	2,897,933			(17,202)	1,005,000	1,875,731
2009	1,642,688			(11,317)	859,813	771,558
2008	518,063			(16,749)	356,022	145,292
2007	86,142			(9,432)	20,726	55,984
2006	44,919			(6,596)	9,880	28,443
2005 & prior	105,285			(4,260)	10,791	90,234
	<u>10,682,192</u>			<u>(95,309)</u>	<u>4,701,094</u>	<u>5,885,789</u>
	<u>\$10,682,192</u>	<u>\$90,636,117</u>	<u>\$2,174,661</u>	<u>(\$331,799)</u>	<u>\$87,708,550</u>	<u>\$11,103,299</u>

Summary by fund and fund type:

Special Revenue Funds:

Public Safety Fund \$8,360,035 \$1,045,162

4-H Extension Service District 419,684 52,345

Agency Funds 78,928,831 10,005,792

\$87,708,550 \$11,103,299

DOUGLAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY LEVY YEAR BY FUND
for the year ended June 30, 2012

<u>Tax Year</u>	Public Safety	4-H Extension Service District	Agency	Total
2012	\$491,675	\$24,877	\$4,700,958	\$5,217,510
2011	273,743	13,841	2,630,963	2,918,547
2010	176,341	9,650	1,689,740	1,875,731
2009	72,780	3,977	694,801	771,558
2008	13,956		131,336	145,292
2007	5,409		50,575	55,984
2006	2,719		25,724	28,443
2005 & prior	8,539		81,695	90,234
	<u>\$1,045,162</u>	<u>\$52,345</u>	<u>\$10,005,792</u>	<u>\$11,103,299</u>

DOUGLAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX COLLECTIONS BY LEVY YEAR BY FUND
for the year ended June 30, 2012

Fiscal Year:	Public	4-H Extension Service	Agency	Total
	Safety	District		
2012	\$7,816,819	\$395,395	\$74,795,242	\$83,007,456
2011	249,905	12,262	2,176,695	2,438,862
2010	127,237	6,536	871,227	1,005,000
2009	110,171	5,491	744,151	859,813
2008	48,899		307,123	356,022
2007	3,294		17,432	20,726
2006	1,632		8,248	9,880
2005 & prior	2,078		8,713	10,791
	<u>\$8,360,035</u>	<u>\$419,684</u>	<u>\$78,928,831</u>	<u>\$87,708,550</u>

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STATISTICAL SECTION

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>
Financial Trends	79-83
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	84-87
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity	88-90
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	91-92
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	93-95
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 Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets	\$202,661,814	\$200,857,392	\$201,416,885	\$201,914,503
Restricted	85,646,585	81,619,046	101,327,287	96,447,581
Unrestricted	48,166,867	57,319,008	55,371,500	55,941,820
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>
Business-type activities				
Invested in capital assets	\$6,179,015	\$5,844,712	\$6,012,331	\$5,726,588
Unrestricted (deficit)	(1,319,297)	(1,100,008)	(1,294,535)	(1,173,162)
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>
Primary government				
Invested in capital assets	\$208,840,829	\$206,702,104	\$207,429,216	\$207,641,091
Restricted	85,646,585	81,619,046	101,327,287	96,447,581
Unrestricted	46,847,570	56,219,000	54,076,965	54,768,658
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>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$206,299,495	\$208,319,872	\$200,633,936	\$190,935,328	\$181,109,374	\$171,594,324
87,599,787	85,314,402	94,794,100	94,067,399	95,615,875	91,379,206
58,919,553	65,331,979	72,281,907	79,848,247	86,028,840	78,965,353
\$352,818,835	\$358,966,253	\$367,709,943	\$364,850,974	\$362,754,089	\$341,938,883
\$5,384,506	\$5,504,796	\$4,870,613	\$5,013,888	\$5,377,687	\$5,133,883
(1,089,760)	(1,124,938)	(1,488,233)	(1,449,374)	(1,600,925)	(1,589,858)
\$4,294,746	\$4,379,858	\$3,382,380	\$3,564,514	\$3,776,762	\$3,544,025
\$211,684,001	\$213,824,668	\$205,504,549	\$195,949,216	\$186,487,061	\$176,728,207
87,599,787	85,314,402	94,794,100	94,067,399	95,615,875	91,379,206
57,829,793	64,207,041	70,793,674	78,398,873	84,427,915	77,375,495
\$357,113,581	\$363,346,111	\$371,092,323	\$368,415,488	\$366,530,851	\$345,482,908

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$17,451,257	\$23,851,478	\$26,999,463	\$26,668,475	\$26,470,243
Public safety	19,983,798	19,619,694	19,895,326	21,355,931	23,129,754
Highways and streets	23,376,082	23,612,089	23,575,513	25,739,885	28,071,514
Sanitation	4,174,368	1,007,499	5,662,893	9,495,022	4,044,886
Health and welfare	21,771,892	20,009,226	20,367,441	22,202,806	23,584,522
Culture and recreation	6,214,087	6,215,442	6,270,108	6,880,841	7,538,083
Conservation	1,091,557	995,030	1,104,040	1,197,024	1,401,630
Education	5,000,834	4,833,697	4,913,530	5,052,799	5,228,454
Interest on long-term debt	96,494	92,854	95,191	91,037	86,755
Total governmental activities expenses	99,160,369	100,237,009	108,883,505	118,683,820	119,555,841
Business-type activities:					
Sewer	444,985	456,770	505,431	543,981	539,392
Boat marina/RV park	1,803,003	1,587,054	1,692,677	1,793,854	1,962,142
Total business-type activities expenses	2,247,988	2,043,824	2,198,108	2,337,835	2,501,534
Total primary government expenses	\$101,408,357	\$102,280,833	\$111,081,613	\$121,021,655	\$122,057,375
Program Revenues					
Governmental activities:					
Fees, fines and charges for services:					
General government	\$3,525,219	\$3,876,303	\$3,919,614	\$4,835,021	\$5,571,145
Public safety	2,795,756	2,920,030	2,957,182	3,649,083	3,774,827
Highways and streets	620,399	1,138,464	369,910	354,076	464,025
Sanitation	221,003	256,312	266,995	358,599	280,117
Health and welfare	1,230,154	1,121,973	1,147,052	1,041,295	1,409,166
Culture and recreation	1,908,793	2,310,455	2,255,379	2,495,116	2,524,056
Conservation	704,158	846,881	566,634	760,356	782,822
Education	433	319	405	977	1,035
Operating grants and contributions	49,758,483	57,968,857	79,187,360	59,190,528	60,274,316
Capital grants and contributions		1,837,500	635,443		
Total governmental activities program revenues	60,764,398	72,277,094	91,305,974	72,685,051	75,081,509
Business-type activities:					
Sewer System	328,746	360,118	348,318	371,111	368,559
Boat marina/RV Park	1,146,911	1,559,581	1,804,127	1,787,623	1,842,292
Total business-type activities program revenues	1,475,657	1,919,699	2,152,445	2,158,734	2,210,851
Total primary government program revenues	\$62,240,055	\$74,196,793	\$93,458,419	\$74,843,785	\$77,292,360
Net (Expense)/Revenue					
Governmental activities	(\$38,395,971)	(\$27,959,915)	(\$17,577,531)	(\$45,998,769)	(\$44,474,332)
Business-type activities	(772,331)	(124,125)	(45,663)	(179,101)	(290,683)
Total primary government net expense	(\$39,168,302)	(\$28,084,040)	(\$17,623,194)	(\$46,177,870)	(\$44,765,015)

Fiscal Year				
2008	2009	2010	2011	2012
\$24,499,159	\$23,292,122	\$21,484,862	\$21,070,812	\$19,309,705
24,015,165	24,563,746	23,677,630	23,853,599	25,118,005
24,686,312	23,232,021	23,258,720	21,653,779	22,313,834
3,700,068	2,938,422	3,230,276	2,869,455	5,268,463
22,951,469	24,411,872	26,512,045	27,857,819	27,000,903
7,092,345	6,705,862	6,506,764	6,578,149	6,140,440
1,343,613	1,550,467	1,320,783	1,165,109	1,204,324
5,185,592	4,610,468	4,134,983	3,651,014	2,020,090
82,357	77,837	73,039	68,137	63,650
113,556,080	111,382,817	110,199,102	108,767,873	108,439,414
557,963	874,863			
2,037,088	1,943,725	1,937,711	2,070,234	2,185,859
2,595,051	2,818,588	1,937,711	2,070,234	2,185,859
\$116,151,131	\$114,201,405	\$112,136,813	\$110,838,107	\$110,625,273
\$5,128,283	\$5,778,859	\$4,559,138	\$5,316,485	\$5,115,436
3,807,339	3,408,242	3,732,241	3,504,863	3,475,927
530,790	393,931	247,066	213,781	80,051
494,494	696,476	639,399	728,240	704,121
1,555,363	1,121,167	808,585	985,807	860,958
2,571,126	2,511,616	2,524,743	3,282,442	2,608,235
887,053	748,483	569,884	1,130,941	1,029,013
1,456	932	1,269	537	1,117
63,494,806	69,156,931	60,854,231	61,837,105	52,819,019
238,000				
78,470,710	84,054,637	73,936,556	77,000,201	66,693,877
360,617				
2,281,949	1,812,435	2,105,248	2,270,111	1,948,203
2,642,566	1,812,435	2,105,248	2,270,111	1,948,203
\$81,113,276	\$85,867,072	\$76,041,804	\$79,270,312	\$68,642,080
(\$35,085,370)	(\$27,328,180)	(\$36,262,546)	(\$31,767,672)	(\$41,745,537)
47,515	(1,006,153)	167,537	199,877	(237,656)
(\$35,037,855)	(\$28,334,333)	(\$36,095,009)	(\$31,567,795)	(\$41,983,193)

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$5,567,189	\$5,702,210	\$6,194,146	\$6,541,686	\$6,985,626
Unrestricted grants and contributions	27,215,189	24,458,015	24,963,801	25,443,814	26,611,362
Investment earnings	5,266,216	1,183,245	4,481,310	5,610,501	9,365,375
Gain (loss) on sale of assets		(86,375)	240,500		
Transfers in (out)	(387,168)	23,000	18,000	21,000	26,900
Total governmental activities	37,661,426	31,280,095	35,897,757	37,617,001	42,989,263
Business-type activities:					
Unrestricted grants and contributions	376,830				
Investment earnings	34,223	32,111	36,755	35,731	58,903
Gain (loss) on sale of assets					
Transfers in (out)	387,168	(23,000)	(18,000)	(21,000)	(26,900)
Total business-type activities	798,221	9,111	18,755	14,731	32,003
Total primary government	\$38,459,647	\$31,289,206	\$35,916,512	\$37,631,732	\$43,021,266
Change in Net Assets					
Governmental activities	(\$734,545)	\$3,320,180	\$18,320,226	(\$8,381,768)	(\$1,485,069)
Business-type activities	25,890	(115,014)	(26,908)	(164,370)	(258,680)
Total primary government	(\$708,655)	\$3,205,166	\$18,293,318	(\$8,546,138)	(\$1,743,749)

Fiscal Year				
2008	2009	2010	2011	2012
\$7,505,829	\$8,264,593	\$8,443,416	\$8,523,575	\$8,823,504
26,420,505	24,623,895	22,297,282	19,282,732	10,477,888
6,468,338	3,179,695	3,088,505	1,844,199	1,623,762
810,915	3,687	15,477	20,281	5,177
27,200				
41,232,787	36,071,870	33,844,680	29,670,787	20,930,331
64,797	8,675	14,597	12,371	9,312
				(4,393)
(27,200)				
37,597	8,675	14,597	12,371	4,919
\$41,270,384	\$36,080,545	\$33,859,277	\$29,683,158	\$20,935,250
\$6,147,417	\$8,743,690	(\$2,417,866)	(\$2,096,885)	(\$20,815,206)
85,112	(997,478)	182,134	212,248	(232,737)
\$6,232,529	\$7,746,212	(\$2,235,732)	(\$1,884,637)	(\$21,047,943)

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

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

Note: The County implemented GASB Statement No. 54 in fiscal 2011 which resulted in changes in the classification of governmental funds and fund balances.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$784,342	\$858,603	\$800,477	\$905,140		
48,257,045	53,149,632	59,820,146	66,903,845		
				\$801,455	\$372,637
				1,167,363	949,409
					77
				2,120,165	5,663,248
				68,769,862	61,155,131
\$49,041,387	\$54,008,235	\$60,620,623	\$67,808,985	\$72,858,845	\$68,140,502
\$6,818,524	\$7,154,460	\$6,761,324	\$5,861,444		
97,531,833	95,011,267	102,387,040	102,581,488		
4,889,404	4,665,156	4,470,830	4,469,993		
				\$2,493,389	\$2,398,727
				94,953,641	90,983,636
				13,434,348	13,863,482
				4,271,725	4,077,259
\$109,239,761	\$106,830,883	\$113,619,194	\$112,912,925	\$115,153,103	\$111,323,104

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

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$9,109,044	\$9,784,371	\$8,933,452	\$8,750,239	\$9,281,699	\$8,951,210
1,833,263	1,897,930	1,566,696	1,480,767	1,485,002	1,490,286
86,897,678	89,915,311	93,780,826	83,151,513	81,119,837	63,296,909
6,979,666	7,457,020	8,136,808	8,280,618	8,394,503	8,796,642
148,074	110,348	100,725	85,496	40,634	26,539
9,109,136	6,134,816	3,103,088	2,949,388	1,717,109	1,512,138
2,735,814	2,204,997	3,018,442	1,622,940	3,085,638	2,231,475
116,812,675	117,504,793	118,640,037	106,320,961	105,124,422	86,305,199
25,104,116	23,789,623	22,977,114	20,718,097	19,995,908	18,201,994
21,821,551	22,710,211	23,705,259	22,384,603	22,259,822	23,148,387
16,308,164	15,956,550	12,583,272	11,367,525	11,012,867	10,748,845
2,825,943	2,768,687	2,923,147	2,580,933	2,448,517	2,255,942
23,151,310	22,656,819	24,352,471	26,075,487	27,255,433	26,465,889
6,730,067	6,476,373	6,275,763	6,161,312	6,090,445	5,813,340
998,348	922,615	1,156,812	883,495	779,918	817,199
5,228,454	5,185,592	4,610,468	4,134,983	3,651,014	2,020,090
19,809,684	14,989,382	6,145,816	5,070,115	4,771,242	5,042,487
88,909	91,321	96,853	98,651	88,677	87,268
86,755	82,357	77,837	73,039	68,137	63,650
122,153,301	115,629,530	104,904,812	99,548,240	98,421,980	94,665,091
(5,340,626)	1,875,263	13,735,225	6,772,721	6,702,442	(8,359,892)
12,413,579	10,968,029	11,507,967	8,593,506	7,862,457	8,057,417
(12,386,679)	(10,940,829)	(11,507,967)	(8,593,506)	(7,862,457)	(8,057,417)
26,900	27,200	-	-	-	-
(\$5,313,726)	\$1,902,463	\$13,735,225	\$6,772,721	\$6,702,442	(\$8,359,892)
0.16%	0.17%	0.17%	0.18%	0.16%	0.16%

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

Fiscal Year	Real Property	Utilities	Personal Property	Mobile Homes	Total Taxable Assessed Value	Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Estimated Actual Value
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%
2009	6,321,129,201	447,050,741	256,993,505	187,099,088	7,212,272,535	1.11	16,059,656,180	44.91%
2010	6,547,573,056	419,379,767	253,010,577	181,817,278	7,401,780,678	1.11	15,512,650,354	47.71%
2011	6,674,578,324	460,704,484	234,737,915	168,397,177	7,538,417,900	1.11	14,759,614,525	51.07%
2012	6,861,568,691	488,688,242	233,357,428	150,878,202	7,734,492,563	1.11	13,933,988,708	55.51%

Source: Douglas County Assessor's Department

DOUGLAS COUNTY, OREGON
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS*
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Taxing Entity</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Douglas County Total Direct Rate:										
General Operations	\$1.08	\$1.08	\$1.10	\$1.10	\$1.11	\$1.11	\$1.11	\$1.11	\$1.11	\$1.11
Overlapping Rates:										
City Rates:										
Canyonville	3.64	3.58	3.58	3.56	3.53	3.51	3.49	3.53	3.48	3.50
Drain	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Elkton	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Glendale	6.26	6.18	6.10	5.98	5.84	5.66	5.57	5.71	5.70	5.71
Myrtle Creek	7.29	7.03	7.12	6.51	6.51	6.51	6.51	6.51	6.51	6.51
Oakland	6.41	6.41	6.41	6.41	6.41	6.41	6.41	6.41	6.41	6.41
Reedsport	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19
Riddle	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49
Roseburg	8.87	8.85	8.78	17.50	20.75	20.79	20.36	21.20	21.49	22.04
Sutherlin	5.63	5.63	5.64	5.83	5.83	5.82	5.82	5.81	5.81	5.78
Winston	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27
Yoncalla	2.52	1.53	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
School Districts Rates:										
Camas Valley	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Days Creek	5.39	5.42	5.36	4.84	4.84	4.84	4.84	4.84	4.84	4.84
Elkton	4.36	4.36	4.36	4.36	4.36	4.36	4.36	5.30	5.30	5.29
Fern Ridge	7.35	7.58	7.40	7.23	7.06	6.70	6.86	6.84	6.92	6.97
Glendale	5.31	5.11	5.21	5.32	5.25	5.24	5.27	5.13	5.23	5.27
Glide	4.50	4.50	4.50	4.50	4.50	5.54	5.52	5.60	5.60	5.58
North Douglas	5.28	5.31	5.19	5.24	5.36	5.37	5.16	5.20	5.17	5.22
Oakland	5.02	5.02	5.02	5.02	5.02	4.64	4.64	5.02	5.03	5.06
Reedsport	5.27	5.34	5.32	4.38	4.38	4.38	5.90	5.84	5.78	5.73
Riddle	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66
Roseburg	4.87	4.83	4.79	4.68	4.68	4.66	4.64	4.63	4.66	4.65
Siuslaw	5.43	5.37	5.37	5.23	5.13	5.05	5.08	5.77	5.76	5.55
South Lane	6.86	6.65	6.55	6.47	6.42	6.36	6.35	6.40	6.45	6.39
South Umpqua	4.71	4.71	4.71	4.71	4.71	4.71	4.71	4.71	4.71	4.71
Sutherlin	4.87	4.84	4.86	4.84	4.76	4.79	4.79	4.79	4.75	4.76
Winston-Dillard	6.05	6.03	5.98	5.80	5.81	5.74	5.77	5.79	5.94	5.91
Yoncalla	4.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69
Lane Community College	0.88	0.88	0.88	0.88	0.85	0.83	0.87	0.85	0.86	0.88
SW Ore Com College	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Umpqua Com College	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Education Service District Rates	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53
Fire District Rates	0.00-4.65	0.00-4.65	0.00-4.65	0.00-4.65	0.00-4.65	0.00-4.64	0.00-4.64	0.00-4.65	0.49-4.65	0.49-4.65
Water District Rates	0.26-1.07	0.00-1.04	0.00-0.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sanitary District Rates	0.57-1.42	0.57-1.42	0.57-2.42	0.00-2.42	0.00-2.42	0.00-2.42	0.00-2.42	0.00-2.42	0.00-2.42	0.00-2.42
Other Special District Rates	0.00-9.31	0.00-9.30	0.00-9.22	0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97

* Source: County Assessor's annual certified levy

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

Taxpayer	2012			2003		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Valuation		Total Taxable Assessed Valuation	Assessed Valuation		Total Taxable Assessed Valuation
Pacific Power/Pacificorp	\$300,960,000	1	3.89%	\$170,781,000	2	3.38%
Roseburg Forest Products	132,332,445	2	1.71%	173,444,125	1	3.44%
Weyerhaeuser Co	52,851,756	3	0.68%	48,613,267	3	0.96%
Seneca Jones Timber	36,784,489	4	0.48%	29,441,708	5	0.58%
OxBow Timber LLC	33,954,954	5	0.44%			
Qwest Corporation	25,082,000	6	0.32%	40,460,395	4	0.80%
Swanson Group	24,860,558	7	0.32%			
Avista Corporation	24,146,000	8	0.31%			
Charter Communications	22,660,700	9	0.29%			
Verizon Communications	17,481,500	10	0.23%			
Mercy Medical Center				10,449,010	6	0.21%
	<u>\$671,114,402</u>		<u>8.67%</u>	<u>\$473,189,505</u>		<u>9.37%</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
2003	\$5,665,977	\$5,329,670	94.06 %	\$331,531	\$5,661,201	99.92 %	\$4,776	0.08 %
2004	5,800,851	5,514,820	95.07	284,081	5,798,901	99.97	1,950	0.03
2005	6,301,675	6,013,285	95.42	286,577	6,299,862	99.97	1,813	0.03
2006	6,662,399	6,378,537	95.74	281,143	6,659,680	99.96	2,719	0.04
2007	7,214,139	6,921,214	95.94	287,516	7,208,730	99.93	5,409	0.07
2008	7,651,298	7,289,831	95.28	347,511	7,637,342	99.82	13,956	0.18
2009	8,010,480	7,593,448	94.79	344,252	7,937,700	99.09	72,780	0.91
2010	8,192,444	7,705,612	94.06	310,491	8,016,103	97.85	176,341	2.15
2011	8,332,837	7,827,553	93.94	231,541	8,059,094	96.71	273,743	3.29
2012	8,541,149	8,049,474	94.24	-	8,049,474	94.24	491,675	5.76

Source: Douglas County Tax Collector's records related to Douglas County funds. Does not include 4H Extension Service District or Agency Funds.

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

Governmental Activities - Total Primary Government					
General Bonded Debt Outstanding (1)					
Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Value of Taxable Property	Notes Payable	Percentage of Personal Income (2)	Per Capita (2)
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
2009	N/A	N/A	1,378,512	0.044%	13.10
2010	N/A	N/A	1,279,861	0.039%	12.14
2011	N/A	N/A	1,191,184	0.035%	11.06
2012	N/A	N/A	1,328,916	0.042%	12.33

(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, 2012

<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:			
South Umpqua Rural Fire Protection District	\$975,000	100.00 %	\$975,000
Sutherlin Water Control District	58,627	100.00	58,627
Douglas County Fire District #2	3,585,000	100.00	3,585,000
North Douglas Fire & EMS District	110,000	100.00	110,000
Azalea Rural Fire Protection District	60,000	100.00	60,000
Camas Valley Rural Fire Protection District	45,000	100.00	45,000
Douglas County School District No. 1	1,015,000	100.00	1,015,000
Douglas County School District No. 15	623,990	100.00	623,990
Douglas County School District No. 4	50,044,169	100.00	50,044,169
Douglas County School District No. 19	14,086,449	100.00	14,086,449
Douglas County School District No. 22	280,000	100.00	280,000
Douglas County School District No. 77	1,100,000	100.00	1,100,000
Douglas County School District No. 116	17,844,837	100.00	17,844,837
Douglas County School District No. 12	12,517,112	100.00	12,517,112
Douglas County School District No. 105	12,549,001	100.00	12,549,001
Douglas County School District No. 130	11,076,256	100.00	11,076,256
Douglas County School District No. 34	930,000	100.00	930,000
City of Canyonville	160,029	100.00	160,029
City of Glendale	97,431	100.00	97,431
City of Roseburg	9,485,000	100.00	9,485,000
City of Sutherlin	795,000	100.00	795,000
Lane County School District No. 28J	14,607,182	0.38	56,148
Lane County School District No. 45J3	39,444,007	0.19	79,662
Lane County School District No. 97J	19,315,000	0.46	92,131
Lane Community College	31,910,000	0.03	12,683
Lane ESD	7,645,000	0.05	3,524
Southwestern Oregon Community College	17,700,000	5.72	1,048,810
Umpqua Community College	3,960,000	100.00	4,090,000
	<u>\$272,019,090</u>		<u>\$142,820,859</u>

Source: Oregon State Treasury, Debt Management Information System

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

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

Fiscal Year	Debt Limit	Debt Applicable To Limitation	Legal Debt Margin	Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2003	\$170,143,251	\$0.00	\$170,143,251	0.00%
2004	183,827,132	0.00	183,827,132	0.00%
2005	200,156,063	0.00	200,156,063	0.00%
2006	232,666,768	0.00	232,666,768	0.00%
2007	276,357,080	0.00	276,357,080	0.00%
2008	312,553,877	0.00	312,553,877	0.00%
2009	321,193,124	0.00	321,193,124	0.00%
2010	310,253,007	0.00	310,253,007	0.00%
2011	295,192,291	0.00	295,192,291	0.00%
2012	278,679,774	0.00	278,679,774	0.00%

Legal Debt Margin Calculation for Fiscal Year 2012:

Estimated Real Market Value	<u>\$13,933,988,708</u>
Debt limit (2% of estimated actual value)(1)	\$278,679,774
Debt applicable to limit	<u>0</u>
Legal debt margin	<u>\$278,679,774</u>

(1) The debt limit for general obligation bonds set forth in ORS 287A.105 provides "a county may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds two percent of the real market value of the taxable property in the county."

Source: Douglas County Assessor's Department

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2009	105,240	3,126,469,920	29,708	43.4	15,638	16.0%
2010	105,395	3,279,365,425	31,115	46.2	15,170	14.3%
2011	107,667	3,411,536,562	31,686	46.1	14,834	13.2%
2012	107,795	3,190,839,795	29,601	46.1	14,709	12.0%

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>	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Roseburg Forest Products	1,757	1	5.08%	n/a	n/a	n/a
Mercy Healthcare, Inc	1,139	2	3.29%	n/a	n/a	n/a
Cow Creek Band of Umpqua Indians	767	3	2.22%	n/a	n/a	n/a
VA Medical Center	890	4	2.57%	n/a	n/a	n/a
Douglas County	728	5	2.10%	n/a	n/a	n/a
Roseburg School District	585	6	1.69%	n/a	n/a	n/a
Swanson Group	450	7	1.30%	n/a	n/a	n/a
TMS Call Center	349	8	1.01%			
Umpqua Bank	310	9	0.90%	n/a	n/a	n/a
First Call Resolution	300	10	0.87%	n/a	n/a	n/a
	<u>7,275</u>		<u>21.03%</u>	<u>-</u>		<u>-</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
General Government										
Tax Assessment and Collection	33.85	32.75	32.25	32.25	33.00	27.00	32.00	32.00	32.00	31.70
Justices of the Peace	10.50	10.50	10.50	10.50	10.50	11.00	10.85	10.85	10.85	10.85
Juvenile Department	46.00	41.00	40.00	43.00	41.60	40.00	40.60	40.70	40.70	35.55
County Clerk	15.50	14.50	14.13	14.12	14.12	12.00	11.20	11.20	9.80	9.30
Planning	20.60	20.60	22.35	23.60	27.00	24.00	27.00	24.00	20.50	17.50
All other	97.05	96.45	94.87	103.72	85.72	91.50	93.85	83.70	76.15	75.20
Public Safety										
Sheriff	190.60	184.50	159.90	164.90	147.00	175.50	136.50	134.50	134.50	134.50
District Attorney	26.00	26.00	25.00	27.00	27.00	24.00	21.00	21.60	21.60	21.80
All other	34.10	35.11	36.11	39.11	62.25	21.00	42.00	51.25	51.25	48.25
Highways and Streets	120.80	120.89	118.89	120.89	121.75	115.00	117.75	89.75	83.75	78.50
Sanitation	18.50	18.50	18.50	18.50	18.50	19.00	18.00	17.00	15.00	13.00
Health and Welfare	227.45	187.85	185.85	179.10	187.83	159.00	151.76	159.05	173.93	177.40
Culture and Recreation										
Parks	21.00	21.00	21.75	21.66	21.00	20.00	18.70	16.75	16.50	14.50
Library	45.86	45.86	45.86	45.86	45.86	34.50	40.26	35.81	32.46	26.55
Fairgrounds	15.00	14.00	13.00	13.00	13.80	11.00	11.00	11.00	11.00	11.00
Museum	5.50	5.50	5.50	4.50	4.50	5.50	5.00	5.25	5.25	4.00
Conservation	5.50	5.50	5.50	5.50	5.50	6.00	6.00	6.00	6.00	6.00
Total governmental activities	933.81	880.51	849.96	867.21	866.93	796.00	783.47	750.41	741.24	715.60
Business-type activities:										
Salmon Harbor Marina/RV Park	10.00	10.00	10.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00
Total employees	943.81	890.51	859.96	878.21	878.93	808.00	795.47	762.41	753.24	727.60

Source: Douglas County Finance Department

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

Function/Program	2003	2004	2005	2006	2007
General governmental activities:					
<u>Public Safety</u>					
Sheriff-Enforcement					
Citations issued	4,632	4,796	4,300	3,739	3,384
Warnings issued	10,083	8,161	5,055	3,878	5,954
Arrest reports	4,525	4,155	4,301	4,230	3,732
Sheriff-Jail					
Bookings	7,517	7,164	6,423	6,349	6,387
Average daily population	185	205	207	190	200
Communications					
Law Enforce reports	192,599	194,264	192,167	197,978	196,690
Fire/Medical reports	16,371	16,665	17,487	18,363	18,083
Building Department					
Building permits	1,091	1,269	1,432	1,354	1,278
<u>Highways and Streets</u>					
Miles of roads resurfaced	119.49	99.70	107.67	(note)	88.63
<u>Sanitation</u>					
Landfill annual waste disposal in tons	91,201	94,675	101,633	112,727	109,584
<u>Health and Welfare</u>					
Services to unduplicated clients:					
Mental Health	3,732	3,345	3,680	3,944	3,871
Public Health	17,186	18,000	20,926	20,259	19,321
Senior and DD Services	8,043	6,028	7,248	6,095	7,299
<u>Culture and Recreation</u>					
Park campgrounds annual usage	21,946	22,533	24,420	23,368	23,015
<u>Conservation</u>					
Galesville dam annual					
KWH produced	3,384,720	5,890,271	4,521,099	3,872,495	5,048,025
Business-type activities:					
<u>Salmon Harbor Marina</u>					
RV Park average annual occupancy	43%	43%	44%	45%	47%

Sources: Various county departments

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

Fiscal Year				
2008	2009	2010	2011	2012
2,941	2,826	2,607	2,397	2,589
6,986	7,710	5,835	5,743	5,078
3,310	2,885	2,825	2,973	2,734
6,810	5,538	5,718	6,047	6,519
193	176	216	223	211
185,787	188,150	185,450	182,608	193,980
19,178	19,500	19,420	18,401	19,617
1,437	1,087	891	965	751
111.50	82.84	7.49	7.99	14.42
99,908	83,838	77,502	77,853	74,986
3,481	3,195	2,973	2,800	2,661
18,514	17,809	14,084	13,808	13,319
9,562	14,846	7,078	4,007	5,096
24,723	25,285	25,360	24,012	24,156
5,741,581	4,290,041	3,038,060	7,707,415	6,559,387
45%	44%	43%	39%	37%

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
<u>Public Safety</u>										
Sheriff										
Patrol vehicles	49	49	53	51	47	47	46	46	42	42
Adult correction facility	1	1	1	1	1	1	1	1	1	1
<u>Highways and Streets</u>										
Centerline miles of county roads	1,135	1,153	1,170	1,170	1,171	1,172	1,172	1,172	1,173	1,173
Bridges	n/a	n/a	294	294	294	294	303	303	304	304
<u>Sanitation</u>										
Landfill facility	1	1	1	1	1	1	1	1	1	1
Solid waste transfer sites	13	13	13	13	13	13	12	12	10	11
<u>Culture and Recreation</u>										
Parks										
Number of county parks	42	42	42	42	42	42	42	53	53	53
Overnight camp sites	220	220	220	220	270	270	290	317	317	317
<u>Conservation</u>										
Dams	2	2	2	2	2	2	2	2	2	2
Stream gauging stations	25	25	25	25	25	25	25	25	24	23
Business-type activities:										
<u>Salmon Harbor Marina</u>										
Moorage Docks	17	17	17	17	17	16	16	16	16	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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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 27, 2012

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, 2012, and have issued our report thereon dated December 27, 2012. 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

Management of Douglas County, Oregon is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 specified parties.


Kenneth Kuhns & Co.

INDEPENDENT AUDITOR'S COMMENTS

(Disclosures and Comments Required by State Regulations)

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

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INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

December 27, 2012

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, 2012, and have issued our report thereon dated December 27, 2012. 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

Our report on Douglas County, Oregon's internal control over financial reporting is presented elsewhere in this Comprehensive Annual Financial Report.

Compliance

As part of obtaining reasonable assurance about whether Douglas County, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Highway revenues used for public highways, roads, and streets.

In connection with our testing nothing came to our attention that caused us to believe Douglas County, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

This report is intended solely for the information and use of the Board of Commissioners, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.