



JACKSON COUNTY

Oregon

Finance Department

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Finance Director

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October 24, 2001

Honorable Members, Board of Commissioners
and Citizens of Jackson County, Oregon

Ladies and Gentlemen:

The County Administrator's letter addresses the format of the Comprehensive Annual Financial Report (CAFR) and discussed the county's economy, O&C revenue and the federal shared revenue which replaces this source of funds next year, recent changes to Oregon's property tax system, and major capital construction initiatives. This letter provides an overview and description of the financial information contained in the CAFR, including accounting systems and budgetary control, description of the reporting entity, fund descriptions, general governmental functions, debt administration, cash management, risk management, and others.

Accounting Systems and Budgetary Control

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or dispositions and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. In evaluating internal controls generally, Jackson County utilizes the five components of a comprehensive framework of internal controls as identified in the report Internal Control - Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report). These five components are: 1) the control environment; 2) risk assessment; 3) control related policies and procedures; 4) information and communication; and, 5) monitoring.

All internal control evaluations occur within the above framework. I believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budget amounts shown in the financial statements include the revised budget amounts approved by the Board of Commissioners. Expenditures are controlled by appropriations adopted by order of the Board of Commissioners in the categories required by Oregon Budget Law. Budgetary control is maintained at the total fund level or by category (personal services, materials and services, capital outlay) within the fund. Purchase requisitions are compared to available appropriations and overruns are not authorized until additional appropriations are made available.

The Reporting Entity and Its Services

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This report includes all the funds and account groups of the County. It includes all activities considered to be part of Jackson County, Oregon, incorporating the criteria established by the Governmental Accounting Standards Board (GASB) in statement No. 14. See Footnote No. 1, Section B for a description of the reporting entity and its blended component units, entities which, although legally separate, are in substance part of the government's operations and so data from the units are combined with data of the primary government.

The County provides a full range of services, including Planning and Development, County Administration, Health and Human Services, Internal Services, Parks and Libraries, Elections and Records, Public Safety, and Transportation.

Fund Descriptions

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of the funds is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and, as applicable, expenditures and expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The funds used by the County are grouped into three broad fund types and seven generic funds as follows:

Governmental Funds

These funds are used to account for the programs and activities of the governmental functions of the County.

- ~ General Fund: This fund serves as the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.
- ~ Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.
- ~ Capital Projects Funds: These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).
- ~ Debt Service Funds: These funds were established to account for the payment of principal and interest on the Jackson County Urban Renewal Agency's bonded debt and the County's Library and Juvenile general obligation bonds.

Proprietary Funds

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These funds are used to account for ongoing organizations and activities that are similar to those found in the private sector.

- ~ Enterprise Funds: These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- ~ Internal Service Funds: These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental units, or to other governmental units, on a cost reimbursement basis.

Fiduciary Funds

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals and other governmental units and funds.

- ~ Trust and Agency Funds: These funds are used to account for assets held by Nonexpendable Trust Funds, Pension Trust Funds, and Agency Funds.

In addition to the seven generic funds described above, the County uses account groups to establish accounting control and accountability for the County's general fixed assets and general long-term debt. The two account groups used are described below:

- ~ General Fixed Assets Account Group: This group of accounts is used to account for all fixed assets of the County, other than those accounted for in Proprietary Funds.
- ~ General Long-Term Debt Account Group: This group of accounts is used to account for all long-term debts of the County, except debt accounted for in Proprietary Funds. The General Long-term Debt Account Group is reported in the notes to the financial statements immediately following the "combined" schedules.

General Governmental Functions

Revenues for general governmental functions (General, Special Revenue, and Debt Service Funds) on a generally accepted accounting principle's basis totaled \$104,863,906 in 2000-01, an increase of 10.8 percent from 1999-00. The amount of revenues from various sources and the increases or decreases from last year are detailed below:

<u>Revenue Source</u>	<u>Amount</u>	<u>% Total</u>	<u>Inc/(Dec) Prior Year</u>	<u>% Change</u>
Taxes	\$28,027,313	26.7	\$4,793,006	20.6
Intergovernmental	62,023,447	59.1	3,331,331	5.7

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Charges for services	9,565,578	9.1	1,096,479	12.9
Licenses, permits, and fines	1,285,409	1.2	(55,561)	(4.1)
Interest and miscellaneous	<u>3,962,159</u>	<u>3.8</u>	<u>1,052,550</u>	<u>36.2</u>
<u>Total</u>	<u>\$104,863,906</u>	<u>100.0%</u>	<u>\$10,217,805</u>	<u>10.8%</u>

Property Taxes increased primarily due to the addition of the debt service levy for the Library Project bonds. Intergovernmental revenues increased as a result of increases in state funding, and federal funding administered by the state, for Health and Human Service programs, combined with a decrease in other intergovernmental revenues, primarily federal forest and O&C receipts (see discussion below). Licenses, permits and fines decreased slightly primarily due to an action by the Oregon Department of Transportation which permitted a waiver of trucking citations and related fines for certain first offenses. The increase in interest and miscellaneous is due to favorable rates on investments that the county held during this fiscal year. A new investment policy put into effect in March, 2000 allowed greater flexibility both in terms of the investment horizon and allowable mix of investments. In addition, while general and special revenue fund balances decreased this year, debt service fund balances increased by \$5,115,633 providing additional funds available for investment.

The largest single source of intergovernmental revenue for 2000-01 was federal O&C timber receipts. Prior to 1994-95, this revenue represented a percentage of gross receipts paid to the federal government for timber harvested on former Oregon and California railroad (O&C) lands. For the period of 1994-95 through 1998-99, this revenue was a calculated value independent of the value of timber harvested, and decreased \$434,629 per year. After this period, the County received funds based on gross receipts or the schedule with its built-in annual decreases, whichever was higher. This revenue source decreased in the past ten years as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>% Revenues</u>	<u>Inc/(Dec) Prior Year</u>	<u>% Change</u>
1991-92	15,137,676	28.8	(1,038,248)	(6.9)
1992-93	14,205,158	23.7	(932,518)	(6.2)
1993-94	12,314,498	21.6	(1,890,660)	(13.3)
1994-95	12,314,498	19.9	---	---
1995-96	11,879,869	17.5	<434,629>	<3.5>
1996-97	11,445,239	14.1	<434,629>	<3.7>
1997-98	11,010,609	12.9	<434,629>	<3.8>
1998-99	10,575,981	11.6	<434,628>	<3.9>
1999-00	10,141,352	10.7	<434,629>	<4.1>
2000-01	9,706,722	9.3	<434,630>	<4.3>

An additional intergovernmental revenue, known as federal forest receipts, is the payment for timber harvested on national forest lands. This source is restricted 75 percent to road functions and 25 percent for public schools within the County. Federal forest revenue for 2000-01 totaled 3,611,387 a decrease of

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\$202,440, or 5.3 percent from the previous fiscal year. Most of this decrease is due to the timing of prior-year related expenses, which resulted in the previous fiscal year's revenue being significantly higher than the receipt of funds on a cash basis. The total for timber-based intergovernmental revenue was \$13,318,109, or 12.7 percent of all general governmental revenues.

As mentioned in the County Administrator's letter, O&C and federal forest receipts are being replaced next year by funds made available by P.L. 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000.

Taxes consist primarily of property taxes on commercial and residential real property and personal property within the County. True Cash Value for the County of \$14,162,590,771 represented an increase of 8.7 percent over the preceding year; however, increases in taxes on existing property were limited to 3.0%, plus any special levies approved by voters after the passage of Ballot Measure 50. Current tax collections were 95.2 percent of the tax levy. Property tax billing rates for Jackson County and its two blended component units for fiscal year 2000-01 and the preceding two fiscal years are as follows (amounts per \$1,000 assessed valuation):

<u>Purpose</u>	<u>Billing Rates*</u>		
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Jackson County General Operations	\$2.0018	2.0018	2.0099
Jackson County Bonded Debt			0.2699
White City Enhanced Law Enforcement District	2.0211	2.0211	2.0211
Jackson County Urban Renewal Agency**	.2038	.2538	0.2752

* Billing rates may differ from permanent rates due to timber severance tax offsets and adjustments resulting from urban renewal districts. The permanent rate for Jackson County is \$2.0099, for the Law Enforcement District it is \$2.0211.

** This amount represents the "Urban Renewal special levy" which resulted from legislative action to decrease the impact of Ballot Measure 50 on urban renewal districts.

Expenditures for general governmental purposes (General, Special Revenue, and Debt Service) on a generally accepted accounting principles (GAAP) basis totaled \$100,131,206, an increase of 11.9 percent from 1999-00. Total reserved and unreserved ending fund balances increased in these funds by \$2,710,212 to \$49,118,106. Levels of expenditures for major functions of the County, including increases (decreases) from the previous year, are shown in the following table:

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<u>Function</u>	<u>Amount</u>	<u>% Total</u>	<u>Inc/(Dec) Prior Year</u>	<u>% Change</u>
Planning and Development	\$3,685,481	3.7	\$355,348	10.7
County Administration	4,900,243	4.9	(31,432)	0.6
Health and Human Services	33,451,330	33.5	5,032,728	17.7
Parks and Libraries	6,268,148	6.3	(186,024)	(2.9)
Elections and Records	3,613,636	3.6	(280,186)	(7.2)
Public Safety	28,071,948	28.0	2,502,215	9.8
Transportation	15,766,924	15.7	1,396,517	9.7
Debt Service	<u>4,373,496</u>	<u>4.4</u>	<u>1,871,618</u>	<u>74.8</u>
Total	<u>\$100,131,206</u>	<u>100.0%</u>	<u>\$ 10,660,784</u>	<u>11.9%</u>

Health and Human Services expenditures increased primarily due to residential rate restructuring by the state health division. This resulted in an additional \$2.5 million which was passed through to the county's health service subcontractors. In addition, there were increases to staffing in the Mental Health program. Elections and Records decreased due to prior year purchases of imaging software for Recording and ballot counting software for the Elections program. The Debt Service category represents payment of principal and interest on the urban renewal agency, a blended component unit of the County, and \$20,365,000 of general obligation Library Bonds issued this fiscal year.

Listed below, next to each function title, are the major activities contained with County service functions:

- ~ Planning and Development: This encompasses Planning and Development functions within the Roads, Parks and Planning Department, and includes comprehensive and current planning services and building inspections.
- ~ County Administration: Activities within this function include the fiduciary program of the County Administrator's Office, the Payment Center program within the Finance Department, and the County schools' special revenue fund.
- ~ Health and Human Services: The purpose of the Jackson County Health and Human Services Department (HHS) is to plan, coordinate, and provide public services to assure the physical, mental, and environmental health and social welfare of County residents through prevention, intervention, and education. The County's Veteran Service Office is a component of this function, as is the Animal Control Program which also provides services contributing to the health and well-being of County residents.
- ~ Parks and Libraries: Jackson County provides and supports a wide variety of recreational, educational, and cultural opportunities. These departmental activities include: the county Library system, Parks and Recreation, and the Exposition Park. The Exposition Park is accounted for in an Enterprise Fund.
- ~ Elections and Records: This program area features many of the services that the County is

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mandated, by state law, to provide. Citizens and other taxing districts are the primary recipients of these services. These program areas include the offices of the Assessor, the Clerk, and the Surveyor.

- ~ Public Safety: This category includes the departments and operations of the Sheriff's Department, District Attorney, Community Justice, and the Gold Hill Justice Court. The Sheriff's Department provides patrol, investigations, and water safety functions, and operates a criminal detention facility for use by law enforcement agencies in Jackson County. The District Attorney is the representative of the state in enforcement of state criminal laws and serves as the prosecuting attorney in the County. The District Attorney's Office also manages the child support function of the County, which entails enforcement of court orders, and a Victim Services program. Community Justice consists of the former Juvenile Department, which was established through Oregon state law to administer actions of the juvenile court for the circuit court and to manage the detention facility, and the former Correctional Services department which provides adult probation services, alternative sentencing options, and programs for inmates of County correctional facilities.
- ~ Transportation: Maintenance of County roads is provided by the Roads, Parks & Planning Department. The County considers the Airport as a component of this function as well. The programs of the Roads, Parks & Planning Department that support Public Works (Transportation) activities are reported as a part of the Special Revenue Fund. The Airport has been established as one of the County's three Enterprise Funds.

As of June 30, 2001, Jackson County's net bonded debt is \$36,260,000. The debt limit for general obligation bonds set forth in Oregon Revised Statute 287.054(2) provides: "The aggregate amount of bonded indebtedness of counties shall not at any time exceed two percent of the true cash value of all taxable property in the county." The County has a legal and unused debt limit of \$246,991,815. See Statistical Table No. 8 for the calculation of the county's debt limits, and Note No. 5, Long-Term Debt, for a discussion of the Library and Juvenile bonds issued this year. Moody's Investors Service assigned an **A1** rating to both of these bond issues.

Capital Projects

County capital projects not funded from bond proceeds are funded by transfers from other County funds. During 2000-01, there was \$14,885,266 of capital project acquisition and construction from all funding sources. Completed projects, as well as construction in progress at year end, are capitalized in the General Fixed Assets Account Group.

The Jackson County Urban Renewal Agency is a blended component unit of the County. Construction associated with the Urban Renewal Agency is included in the Capital Projects Fund. The primary source of funding is a property tax increment which is used to pay for operations, capital construction and debt service.

Enterprise Operations

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The County's enterprise operations consist of airport, exposition park/fairgrounds, and recreational activities. These operations are primarily financed through public use fees. The Airport actively pursues and receives federal grants from the Federal Aviation Administration (AIP grants) for capital improvements. These grants are treated in the financial report as "contributed capital." The Fairgrounds and Exposition Park is intended to be self-supporting, but it does receive transfers from the general fund for capital construction, and to cover some operating expenses. The Recreation Enterprise fund is used to account for the revenues and expenses of County parks that are designed to be self-supporting. Depreciation of fixed assets acquired through capital grants is recorded as a reduction of contributed capital.

Internal Service Operations

The County provides motor pool, computer replacement, self-insurance and central (administrative support) services to other Jackson County departments. The costs for these services are reimbursed by the benefitted county programs. Following the generation of audited financial reports, actual central services program costs are compared to charges for services processed through the year. An adjustment for actual service usage and related costs is calculated in compliance with the requirements of OMB Circular A-87, "Cost Principles for State and Local Governments," and carried forward as an adjustment to the subsequent year's charges.

Fiduciary Funds

Trust and Agency funds account for resources received and held by the County in a fiduciary capacity or as an agent for private organizations, other governments and other funds. Agency funds include elected official turnover accounts and the Treasurer's special deposits fund, tax deposit and turnover funds as required by state law, and the Treasurer's agency funds for other local governments. Pension trust funds have included the County's retirement plans No. 1 through No. 5. See Footnote No. 9 for a discussion of the County's transfer to the Oregon Public Employee Retirement System. The three Nonexpendable Trust funds were established from estate proceeds. Interest earned by nonexpendable trusts is transferred to general fund library programs for the purchase of books.

Cash Management

Investments consisting of United States Government securities held under repurchase agreements, State of Oregon Local Government Investment Pool, time certificates of deposit, governmental instrumentality and agency securities, and group annuity contracts issued by life insurance companies are reflected in the financial statements at fair value (market value), or amortized cost, in compliance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Bond yield interest rates on the investments at the close of business on June 30, 2001, ranged from 4.66 percent to 6.65 percent, with the longest maturity being February 20, 2004. The interest rate on investments held as bank repurchase agreements was 2.60 percent, the latest maturity being July 2, 2001. Interest income in fiscal year 2001 increased 49.5 percent from last year to \$5,802,812. Although interest rates had begun to decline during the second half of the fiscal year, interest income for the year benefitted from previous investments made at higher rates. Interest earned on the proceeds of bond sales resulted in most

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of this increase from the prior year. See Footnote No. 2 for additional information on cash and investments, and the year end "mark to market" value adjustment.

Oregon state law allows the state Treasurer to establish collateral requirements for certificates of deposit and demand accounts held by local governments. The current minimum is 25 percent of the principal amount of the certificate for funds in demand accounts, and time certificates of deposit, exceeding FDIC coverage.

General Fixed Assets

The general fixed assets of the County are those fixed assets used in the performance of general governmental functions and exclude the assets of the Enterprise Funds and the Internal Service Fund. As of June 30, 2001, these general fixed assets amounted to \$66,570,486. This amount represents the original cost or estimated historical cost of the assets. Expenditures for road and bridge construction, sidewalks, lighting, and drainage systems are not capitalized as fixed assets. Depreciation is not charged on fixed assets in the General Fixed Asset Account Group.

Risk Management

While Jackson County has chosen to become self-insured for most areas of operations, Jackson County insures specific exposure areas through the purchase of insurance policies that are specific to a particular County service area. These policies are purchased on the basis that the premium paid is the most cost-effective way of transferring certain high risk exposure areas. These service areas include the Jackson County Airport facility, the Health and Human Services Department, and the use of rented or leased aircraft. The County is self-insured for unemployment compensation, workers compensation, most general liability, auto liability, medical professional liability, police professional liability, and municipal liability exposures. The County carries a primary general and auto liability policy which is subject to a \$250,000 self-insured retention with a \$2,000,000 limit per occurrence/aggregate plus an umbrella liability policy with limits of \$3,000,000 per occurrence/aggregate. The County carries a workers compensation policy which is subject to a \$500,000 self-insured retention and statutory limits for workers compensation claims, plus a \$1,000,000 limit for employer's liability claims.

The County believes the maximum liability for all programs under all open policy years to be \$4,691,179 at year-end and, as such, that amount has been accrued. See statistical Table No. 14, Insurance in Force, for a detailed listing of insurance policies and Note No. 12 Self-Insurance, for additional information.

Independent Audit

Oregon Revised Statutes and Jackson County's Home Rule Charter require an annual audit of the books of account, financial records, and transactions of all County departments by independent certified public accountants selected by the Board of Commissioners. This includes an audit for conformity with the provisions of the Single Audit Act of 1984, and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations." This requirement has been met, and the independent auditors' opinion has been included in this report.

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Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, with contents that conform to program standards. Such 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. Jackson County has received a Certificate of Achievement for the last eighteen consecutive years (fiscal years 1983-2000). I believe our current report continues to conform to the Certificate of Achievement program requirements, and the County is submitting it to GFOA.

Jackson County has also earned GFOA's Distinguished Budget Presentation award for the last seventeen consecutive years (fiscal years 1984-2000).

Summary

Jackson County continues to seek efficiency in the delivery of its services while working with a focus to the future in terms of capital project development, funding key services, and diversifying its revenue base. General governmental functions continue to be heavily reliant upon intergovernmental revenues, but property taxes are providing an increasing source of funds to the general fund. This year, intergovernmental revenues (which include timber-based revenues and public health grants as major components) amounted to 59.1 percent of total general governmental revenues (general, special revenue, and debt service), down from 62.0 percent the preceding fiscal year. Timber-based revenues dropped from 14.7 percent to 11.8 percent of general governmental revenues. Property taxes, on the other hand, have increased from 24.6 percent to 26.7 percent of general governmental revenues (40.4 percent to 40.3 percent of general fund revenues).

The Enterprise and Internal Service Funds are encouraged to be self-sufficient. The Airport relies on Federal Aviation Administration (FAA) funds for the majority of its capital improvements. This is a standard relationship between commercial airports and the federal government. Other proprietary operations are generally self-supporting, but receive occasional transfers for capital construction.

Preparation for GASB Statement No. 34

Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments and two related statements -

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Statement No. 37 Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments: Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures will be implemented in their entirety next fiscal year. A team of Finance and Internal Audit staff has been meeting twice per month to prepare for this change, as well as meeting with county departments and county administrative staff to identify and address reporting and data collection issues relating to implementation. A set of GASB Statements No. 34 Government-wide Financial Statements will be created utilizing 2000-01 financial data as an exercise to prepare for the implementation for the 2001-02 fiscal year. The county will be in communication with its independent auditors, Kenneth Kuhns & Co., during this exercise in order to help assure as smooth a process as possible the following year.

Acknowledgments

I wish to express my appreciation to all members of the Finance Department who maintained the records that served as a basis for this report. Special thanks are extended to Debbie James, Dawn Frick and Marlene Greeny of the Finance Department, Debbie Taylor and Jeannie Collier of the Internal Auditor's Office, and Kenneth Kuhns & Co., Certified Public Accountants for their assistance and contribution to the preparation of this report. I also wish to thank the Board of Commissioners and Susan Slack, County Administrator, together with her staff, for their interest and support in planning and conducting the financial operations of Jackson County in a responsible and progressive manner.

Respectfully submitted,

Gary A. Cadle, CPFO
Finance Director

KENNETH KUHNS & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

October 5, 2001

Board of Commissioners
Jackson County, Oregon
Medford, Oregon

We have audited the combined financial statements of Jackson County, Oregon as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

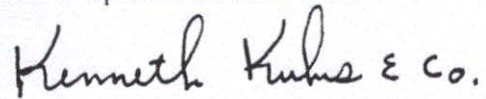
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Jackson County, Oregon as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of Jackson County, Oregon. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2001 on our consideration of Jackson County, Oregon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The other data included in this report designated as the "Statistical Section" in the table of contents has not been audited by us and, accordingly, we express no opinion on such data.


Kenneth Kuhns & Co.

JACKSON COUNTY, OREGON

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	2001	2000
ASSETS AND OTHER DEBITS											
Assets:											
Cash and investments	\$ 23,840,144	\$ 16,532,301	\$ 36,969,770	\$ 11,501,408	\$ 3,973,134	\$ 7,520,665	\$ 15,130,482	\$ -	\$ -	\$ 115,467,904	\$ 85,857,890
Receivables:											
Property taxes	1,589,669	34,599	-	610,079	-	-	8,744,366	-	-	10,978,713	10,230,567
Assessments	-	126,858	-	-	-	-	-	-	-	126,858	132,216
Accounts	1,043,506	1,787,205	59,786	-	7,318,987	52,082	174,839	-	-	10,436,405	8,115,189
Deposits and prepaid items	16,670	19,543	-	-	10,280	186,155	-	-	-	232,648	92,314
Due from other funds	260,975	183,187	6,969	-	26,705	384,067	30,572	-	-	892,475	1,285,273
Inventories	-	1,381,597	-	-	-	28,599	-	-	-	1,410,196	1,315,018
Fixed assets, net, where applicable, of accumulated depreciation	-	-	-	-	49,655,634	2,255,014	-	66,570,486	-	118,481,134	105,986,191
Other debits:											
Amount available for retirement of general long-term debt	-	-	-	-	-	-	-	-	11,616,326	11,616,326	6,500,693
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	44,970,118	44,970,118	14,764,582
Total assets and other debits	\$ 26,750,964	\$ 20,065,290	\$ 37,036,525	\$ 12,111,487	\$ 60,984,740	\$ 10,426,582	\$ 24,080,259	\$ 66,570,486	\$ 56,586,444	\$ 314,612,777	\$ 234,279,933
LIABILITIES, EQUITY AND OTHER CREDITS											
Liabilities:											
Accounts payable	\$ 560,344	\$ 767,984	\$ 611,577	\$ -	\$ 1,143,854	\$ 269,111	\$ 42,398	\$ -	\$ -	\$ 3,395,268	\$ 3,451,997
Warrants payable	428,375	577,698	633,619	-	424,171	222,884	33,141	-	-	2,319,888	1,234,005
Accrued payroll, withholdings and benefits	1,434,108	708,113	6,335	-	79,704	188,428	-	-	-	2,416,688	2,323,075
Accrued claims liability	-	-	-	-	-	4,691,179	-	-	-	4,691,179	2,777,615
Bonds payable	-	-	-	-	310,000	-	-	-	51,826,000	52,136,000	17,780,000
Line of credit payable	-	-	-	-	5,128,311	-	-	-	-	5,128,311	4,537,711
Due to other funds	359,637	290,098	24,329	-	89,334	99,093	29,984	-	-	892,475	1,285,273
Net pension obligation	920,212	-	-	-	-	-	-	-	3,106,791	4,027,003	4,566,440
Amounts held in trust	-	-	-	-	-	-	15,148,009	-	-	15,148,009	14,020,335
Compensated absences	811,465	648,803	1,809	-	152,223	453,638	-	-	1,254,526	3,322,464	2,887,244
Landfill closure and postclosure liability	-	-	-	-	-	-	-	-	346,230	346,230	362,350
Accrued arbitrage liability	-	-	-	-	-	-	-	-	52,897	52,897	-
Deferred revenue	1,433,764	156,484	59,786	495,161	125,660	-	-	-	-	2,270,855	1,828,678
Retainages and other liabilities	139,745	77,644	95,708	-	178,753	1,622	-	-	-	493,472	342,192
Total liabilities	6,087,650	3,226,824	1,433,163	495,161	7,632,010	5,925,955	15,253,532	-	56,586,444	96,640,739	57,396,915

JACKSON COUNTY, OREGON

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	2001	2000
Equity and other credits:											
Contributed capital	\$ -	\$ -	\$ -	\$ -	\$ 43,645,431	\$ 322,246	\$ -	\$ -	\$ -	\$ 43,967,677	\$ 38,194,303
Investment in general fixed assets	-	-	-	-	-	-	-	66,570,486	-	66,570,486	60,836,381
Retained earnings:											
Reserved for debt service	-	-	-	-	44,500	-	-	-	-	44,500	44,500
Unreserved	-	-	-	-	9,662,799	4,178,381	-	-	-	13,841,180	14,013,186
Fund balances:											
Reserved for encumbrances	84,932	2,308,221	706,197	-	-	-	-	-	-	3,099,350	3,930,642
Reserved for inventories	-	1,381,597	-	-	-	-	-	-	-	1,381,597	1,287,515
Reserved for O&C deposits	233,274	-	-	-	-	-	-	-	-	233,274	233,274
Reserved for employees' pension benefits	-	-	-	-	-	-	8,791,395	-	-	8,791,395	6,425,443
Reserved for deposits and prepaid items	16,670	19,543	-	-	-	-	-	-	-	36,213	60,126
Reserved for debt service	-	-	-	11,616,326	-	-	-	-	-	11,616,326	6,500,693
Reserved for Sheriff	55,450	-	-	-	-	-	-	-	-	55,450	95,213
Reserved for Video Poker	77,871	-	-	-	-	-	-	-	-	77,871	106,159
Reserved for Taylor Grazing	11,140	-	-	-	-	-	-	-	-	11,140	11,140
Reserved for JACNET	8,679	-	-	-	-	-	-	-	-	8,679	-
Reserved for Cornerstone	9,767	-	-	-	-	-	-	-	-	9,767	64,487
Reserved for library	144,996	-	-	-	-	-	-	-	-	144,996	137,090
Unreserved:											
Designated for public library use	-	-	-	-	-	-	35,332	-	-	35,332	35,332
Undesignated	20,020,535	13,129,105	34,897,165	-	-	-	-	-	-	68,046,805	44,907,534
Total equity and other credits	20,663,314	16,838,466	35,603,362	11,616,326	53,352,730	4,500,627	8,826,727	66,570,486	-	217,972,038	176,883,018
Total liabilities, equity and other credits	\$ 26,750,964	\$ 20,065,290	\$ 37,036,525	\$ 12,111,487	\$ 60,984,740	\$ 10,426,582	\$ 24,080,259	\$ 66,570,486	\$ 56,586,444	\$ 314,612,777	\$ 234,279,933

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, OREGON

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the fiscal year ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	2001	2000
Revenues:						
Intergovernmental:						
Federal	\$ 10,953,207	\$ 5,695,557	\$ -	\$ -	\$ 16,648,764	\$ 16,414,695
State	8,290,893	35,445,944	102,568	-	43,839,405	40,684,142
Other	939,425	698,421	-	-	1,637,846	1,793,279
Total intergovernmental	20,183,525	41,839,922	102,568	-	62,126,015	58,892,116
Charges for services	5,271,526	4,294,052	765,346	-	10,330,924	9,082,449
Licenses and permits	124,995	835,115	-	-	960,110	927,811
Fines and forfeitures	301,879	23,420	-	-	325,299	413,159
Taxes	18,794,999	391,555	-	8,840,759	28,027,313	23,234,307
Interest	1,872,479	1,180,573	1,343,460	648,385	5,044,897	3,255,008
Miscellaneous	186,700	74,022	40,733	-	301,455	321,795
Total revenues	46,736,103	48,638,659	2,252,107	9,489,144	107,116,013	96,126,645
Expenditures:						
Current:						
Planning and Development	3,349,741	335,725	7,408,631	15	11,094,112	9,666,291
County Administration	3,998,883	901,360	352,403	-	5,252,646	5,512,653
Health and Human Services	-	33,451,330	-	-	33,451,330	28,418,602
Parks and Libraries	5,731,699	536,449	7,109,510	-	13,377,658	6,583,842
Elections and Records	3,613,636	-	-	-	3,613,636	3,893,822
Public Safety	27,469,925	602,023	-	-	28,071,948	25,569,733
Transportation	-	15,766,924	14,722	-	15,781,646	14,370,407
Debt service:						
Principal	-	-	-	2,489,000	2,489,000	1,615,000
Interest	-	-	-	1,884,496	1,884,496	886,878
Total expenditures	44,163,884	51,593,811	14,885,266	4,373,511	115,016,472	96,517,228
Excess (deficiency) of revenues over expenditures	2,572,219	(2,955,152)	(12,633,159)	5,115,633	(7,900,459)	(390,583)
Other financing sources (uses):						
Operating transfers in	14,890	1,627,501	909,568	-	2,551,959	2,539,221
Operating transfers out	(3,106,777)	(652,576)	(839,000)	-	(4,598,353)	(4,939,625)
Debt proceeds (including premium of \$375,365)	-	-	37,240,365	-	37,240,365	9,320,000
Payment to refunded bond escrow	-	-	-	-	-	(1,295,332)
Total other financing sources (uses)	(3,091,887)	974,925	37,310,933	-	35,193,971	5,624,264
Excess (deficiency) of revenues and other sources over expenditures and other uses	(519,668)	(1,980,227)	24,677,774	5,115,633	27,293,512	5,233,681
Fund balances, July 1, 2000	21,182,591	18,724,610	10,925,979	6,500,693	57,333,873	49,757,789
Residual equity transfers	391	-	(391)	-	-	2,062,456
Change in reserves for inventories	-	94,083	-	-	94,083	279,947
Fund balances, June 30, 2001	<u>\$ 20,663,314</u>	<u>\$ 16,838,466</u>	<u>\$ 35,603,362</u>	<u>\$ 11,616,326</u>	<u>\$ 84,721,468</u>	<u>\$ 57,333,873</u>

The accompanying notes are an integral part of this statement

JACKSON COUNTY, OREGON

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
For the fiscal year ended June 30, 2001

	General			Special Revenue			Capital Projects			Debt Service			Totals (Memorandum Only)		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:															
Intergovernmental:															
Federal	\$11,130,049	\$10,953,207	\$ (176,842)	\$ 5,602,059	\$ 5,695,557	\$ 93,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$16,732,108	\$16,648,764	\$ (83,344)
State	9,320,366	8,290,893	(1,029,473)	36,514,183	35,445,944	(1,068,239)	4,720,108	102,568	(4,617,540)	-	-	-	50,554,657	43,839,405	(6,715,252)
Other	942,682	939,425	(3,257)	1,153,419	698,421	(454,998)	-	-	-	-	-	-	2,096,101	1,637,846	(458,255)
Total intergovernmental	21,393,097	20,183,525	(1,209,572)	43,269,661	41,839,922	(1,429,739)	4,720,108	102,568	(4,617,540)	-	-	-	69,382,866	62,126,015	(7,256,851)
Charges for services	5,551,018	5,271,526	(279,492)	4,385,642	4,294,052	(91,590)	1,005,000	765,346	(239,654)	-	-	-	10,941,660	10,330,924	(610,736)
Licenses and permits	123,532	124,995	1,463	430,102	835,115	405,013	-	-	-	-	-	-	553,634	960,110	406,476
Fines and forfeitures	305,318	301,879	(3,439)	21,500	23,420	1,920	-	-	-	-	-	-	326,818	325,299	(1,519)
Taxes	18,683,794	18,794,999	111,205	437,059	391,555	(45,504)	-	-	-	7,980,922	8,840,759	859,837	27,101,775	28,027,313	925,538
Interest	1,491,495	1,872,479	380,984	800,640	1,180,573	379,933	2,019,971	1,343,460	(676,511)	399,046	648,385	249,339	4,711,152	5,044,897	333,745
Miscellaneous	181,561	186,700	5,139	46,300	74,022	27,722	1,236,000	40,733	(1,195,267)	-	-	-	1,463,861	301,455	(1,162,406)
Total revenues	47,729,815	46,736,103	(993,712)	49,390,904	48,638,659	(752,245)	8,981,079	2,252,107	(6,728,972)	8,379,968	9,489,144	1,109,176	114,481,766	107,116,013	(7,365,753)
Expenditures:															
Current:															
Planning and Development	3,776,114	3,349,741	426,373	730,660	335,725	394,935	14,945,122	7,408,631	7,536,491	2,199,841	15	2,199,826	21,651,737	11,094,112	10,557,625
County Administration	13,816,675	3,998,883	9,817,792	1,147,142	901,360	245,782	6,491,176	352,403	6,138,773	-	-	-	21,454,993	5,252,646	16,202,347
Health and Human Services	-	-	-	37,254,368	33,451,330	3,803,038	-	-	-	-	-	-	37,254,368	33,451,330	3,803,038
Parks and Libraries	6,026,527	5,731,699	294,828	769,499	536,449	233,050	33,332,250	7,109,510	26,222,740	-	-	-	40,128,276	13,377,658	26,750,618
Elections and Records	4,242,216	3,613,636	628,580	-	-	-	-	-	-	-	-	-	4,242,216	3,613,636	628,580
Public Safety	28,133,624	27,469,925	663,699	1,361,620	602,023	759,597	-	-	-	-	-	-	29,495,244	28,071,948	1,423,296
Transportation	-	-	-	23,921,720	15,766,924	8,154,796	598,207	14,722	583,485	-	-	-	24,519,927	15,781,646	8,738,281
Debt service:															
Principal	-	-	-	-	-	-	-	-	-	5,784,000	2,489,000	3,295,000	5,784,000	2,489,000	3,295,000
Interest	-	-	-	-	-	-	-	-	-	2,532,718	1,884,496	648,222	2,532,718	1,884,496	648,222
Total expenditures	55,995,156	44,163,884	11,831,272	65,185,009	51,593,811	13,591,198	55,366,755	14,885,266	40,481,489	10,516,559	4,373,511	6,143,048	187,063,479	115,016,472	72,047,007
Excess (deficiency) of revenues over expenditures	(8,265,341)	2,572,219	10,837,560	(15,794,105)	(2,955,152)	12,838,953	(46,385,676)	(12,633,159)	33,752,517	(2,136,591)	5,115,633	7,252,224	(72,581,713)	(7,900,459)	64,681,254
Other financing sources (uses):															
Operating transfers in	15,869	14,890	(979)	1,627,501	1,627,501	-	909,568	909,568	-	-	-	-	2,552,938	2,551,959	(979)
Operating transfers out	(3,109,332)	(3,106,777)	2,555	(654,597)	(652,576)	2,021	(871,250)	(839,000)	32,250	-	-	-	(4,635,179)	(4,598,353)	36,826
Debt proceeds (including premium of \$375,365)	-	-	-	-	-	-	35,500,000	37,240,365	1,740,365	-	-	-	35,500,000	37,240,365	1,740,365
Total other financing sources (uses)	(3,093,463)	(3,091,887)	1,576	972,904	974,925	2,021	35,538,318	37,310,933	1,772,615	-	-	-	33,417,759	35,193,971	1,776,212
Excess (deficiency) of revenues and other sources over expenditures and other uses	(11,358,804)	(519,668)	10,839,136	(14,821,201)	(1,980,227)	12,840,974	(10,847,358)	24,677,774	35,525,132	(2,136,591)	5,115,633	7,252,224	(39,163,954)	27,293,512	66,457,466
Fund balances, July 1, 2000	22,445,010	21,182,591	(1,262,419)	17,121,201	18,724,610	1,603,409	10,847,358	10,925,979	78,621	4,058,572	6,500,693	2,442,121	54,472,141	57,333,873	2,861,732
Residual equity transfers	-	391	391	-	-	-	-	(391)	(391)	-	-	-	-	-	-
Change in reserve for inventories	-	-	-	-	94,083	94,083	-	-	-	-	-	-	-	94,083	94,083
Fund balances, June 30, 2001	\$11,086,206	\$20,663,314	\$ 9,577,108	\$ 2,300,000	\$16,838,466	\$ 14,538,466	\$ -	\$35,603,362	\$35,603,362	\$1,921,981	\$ 11,616,326	\$9,694,345	\$15,308,187	\$84,721,468	\$ 69,413,281

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, OREGON

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/
Fund Balances - All Proprietary Fund Types and Similar Trust Funds
For the fiscal year ended June 30, 2001

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-</u>	<u>(Memorandum Only)</u>	
			<u>expendable</u>	<u>2001</u>	<u>2000</u>
			<u>Trust</u>		
Operating revenues:					
Intergovernmental charges:					
Federal	\$ -	\$ 20,100	\$ -	\$ 20,100	\$ 28,700
State	-	81,145	-	81,145	219,793
Other	5,100	93,529	-	98,629	96,155
Total intergovernmental charges	5,100	194,774	-	199,874	344,648
Charges for services and rentals	5,079,501	9,274,047	-	14,353,548	14,184,548
Fines and forfeitures	9,439	-	-	9,439	10,618
Interest	-	-	2,085	2,085	1,831
Other	99,498	72,268	-	171,766	202,846
Total operating revenues	5,193,538	9,541,089	2,085	14,736,712	14,744,491
Operating expenses:					
Salaries and wages	1,343,031	3,503,173	-	4,846,204	4,279,284
Payroll taxes and benefits	464,714	1,393,984	-	1,858,698	1,556,481
General operating expenses	534,240	4,160,116	-	4,694,356	3,437,846
Special fees	206,743	-	-	206,743	185,118
Property maintenance and utilities	949,861	1,783,546	-	2,733,407	2,476,455
Equipment maintenance	117,325	520,981	-	638,306	572,515
Professional and other support services	1,607,120	636,252	-	2,243,372	1,740,634
Other	55,668	534,765	-	590,433	552,941
Total operating expenses, excluding depreciation	5,278,702	12,532,817	-	17,811,519	14,801,274
Operating income (loss) before depreciation	(85,164)	(2,991,728)	2,085	(3,074,807)	(56,783)
Depreciation	1,339,031	647,957	-	1,986,988	1,953,465
Operating income (loss)	(1,424,195)	(3,639,685)	2,085	(5,061,795)	(2,010,248)

(Continues)

JACKSON COUNTY, OREGON

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/
 Fund Balances - All Proprietary Fund Types and Similar Trust Funds
 For the fiscal year ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)	
	Enterprise	Internal Service	Non- expendable Trust	2001	2000
Nonoperating revenues (expenses):					
Intergovernmental revenues	\$ 465,450	\$ -	\$ -	\$ 465,450	\$ 485,592
Passenger facility charges	712,483	-	-	712,483	601,833
Interest revenue	286,316	469,514	-	755,830	625,558
Interest expense (net of amount capitalized)	(27,756)	-	-	(27,756)	(219,411)
Gain on sale of fixed assets	1,435	7,300	-	8,735	58,246
Loss on sale of fixed assets	(2,000)	(20,038)	-	(22,038)	(27,306)
Total nonoperating revenues (expenses)	<u>1,435,928</u>	<u>456,776</u>	<u>-</u>	<u>1,892,704</u>	<u>1,524,512</u>
Income (loss) before transfers	11,733	(3,182,909)	2,085	(3,169,091)	(485,736)
Operating transfers in	402,591	1,645,888	-	2,048,479	2,421,764
Operating transfers out	<u>-</u>	<u>-</u>	<u>(2,085)</u>	<u>(2,085)</u>	<u>(21,360)</u>
Net income (loss)	414,324	(1,537,021)	-	(1,122,697)	1,914,668
Add depreciation on fixed assets acquired by grants	<u>950,691</u>	<u>-</u>	<u>-</u>	<u>950,691</u>	<u>1,012,298</u>
Net increase in retained earnings	1,365,015	(1,537,021)	-	(172,006)	2,926,966
Retained earnings/fund balances, July 1, 2000	8,342,284	5,715,402	35,332	14,093,018	13,228,508
Residual equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,062,456)</u>
Retained earnings/fund balances, June 30, 2001	<u>\$ 9,707,299</u>	<u>\$ 4,178,381</u>	<u>\$ 35,332</u>	<u>\$ 13,921,012</u>	<u>\$ 14,093,018</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, OREGON

Combined Statement of Changes in Plan Net Assets - Pension Trust Funds
For the fiscal year ended June 30, 2001

	<u>2001</u>	<u>2000</u>
Additions:		
Contributions - employer	\$ 3,856,294	\$ 139,928
Investment income	<u>396,449</u>	<u>503,602</u>
Total additions	<u>4,252,743</u>	<u>643,530</u>
Deductions:		
Benefits	1,872,281	3,805,376
Administrative expenses	<u>14,510</u>	<u>70,053</u>
Total deductions	<u>1,886,791</u>	<u>3,875,429</u>
Net increase (decrease)	2,365,952	(3,231,899)
Net assets held in trust for employees' pension benefits, July 1, 2000	<u>6,425,443</u>	<u>9,657,342</u>
Net assets held in trust for employees' pension benefits, June 30, 2001	<u><u>\$ 8,791,395</u></u>	<u><u>\$ 6,425,443</u></u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, OREGON

Combined Statement of Cash Flows - All Proprietary Fund Types and
Similar Trust Funds

For the fiscal year ended June 30, 2001

	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Increase (Decrease) in Cash and Investments				
Cash flows from operating activities				
Sale of goods and services	\$ 5,078,126	\$ -	\$ -	\$ 5,078,126
Receipts from quasi-external transactions	-	9,481,014	-	9,481,014
Employee payroll payment	(1,781,092)	(4,879,792)	-	(6,660,884)
Purchases of goods and services	(2,893,716)	(5,534,836)	-	(8,428,552)
Receipts from outside agencies	-	194,774	-	194,774
Payments for quasi-external transactions	(731,813)	(354,428)	-	(1,086,241)
Other operating receipts	108,937	72,268	-	181,205
Net cash provided by (used in) operating activities	(219,558)	(1,021,000)	-	(1,240,558)
Cash flows from noncapital financing activities				
Operating transfers received	402,591	1,645,888	-	2,048,479
Operating transfers paid	-	-	(2,085)	(2,085)
Operating subsidies received	470,895	-	-	470,895
Net cash provided by (used in) noncapita financing activities	873,486	1,645,888	(2,085)	2,517,289
Cash flows from capital and related financing activities				
Debt proceeds	1,590,600	-	-	1,590,600
Capital grants	4,670,943	-	-	4,670,943
Sale of capital assets	1,435	22,800	-	24,235
Debt principal payments	(1,020,000)	-	-	(1,020,000)
Interest payments	(359,180)	-	-	(359,180)
Purchase of capital assets	(6,979,590)	(448,659)	-	(7,428,249)
Proceeds from passenger facility charge	712,483	-	-	712,483
Net cash provided by (used in) capital and related financing activities	(1,383,309)	(425,859)	-	(1,809,168)
Cash flows from investing activities				
Interest on investments	286,316	469,514	2,085	757,915
Net increase (decrease) in cash and investment	(443,065)	668,543	-	225,478
Cash and investments, July 1, 2000	4,416,199	6,852,122	35,332	11,303,653
Cash and investments, June 30, 2001	\$ 3,973,134	\$ 7,520,665	\$ 35,332	\$ 11,529,131

(Continues)

JACKSON COUNTY, OREGON

Combined Statement of Cash Flows - All Proprietary Fund Types and
Similar Trust Funds
For the fiscal year ended June 30, 2001

	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Fund Type Nonexpendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	<u>\$ (1,424,195)</u>	<u>\$ (3,639,685)</u>	<u>\$ 2,085</u>	<u>\$ (5,061,795)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	1,339,031	647,957	-	1,986,988
Interest on investments	-	-	(2,085)	(2,085)
Changes in assets and liabilities				
(Increase) decrease in				
Accounts receivable	(158,671)	17,657	-	(141,014)
Accrued interest receivable	-	-	-	-
Interfund receivable	134,616	189,310	-	323,926
Prepaid expenses	(10,205)	(154,042)	-	(164,247)
Inventories	-	(1,096)	-	(1,096)
Increase (decrease) in				
Accounts payable	5,892	226	-	6,118
Warrants payable	81,267	120,339	-	201,606
Accrued payroll, withholdings and benefit	(153)	7,432	-	7,279
Accrued claims liability	-	1,913,564	-	1,913,564
Interfund payable	(196,990)	(110,626)	-	(307,616)
Compensated absences	26,806	9,933	-	36,739
Deferred revenue and other liabilities	(16,956)	(21,969)	-	(38,925)
Total adjustments	<u>1,204,637</u>	<u>2,618,685</u>	<u>(2,085)</u>	<u>3,821,237</u>
Net cash provided by (used in) operating activities	<u>\$ (219,558)</u>	<u>\$ (1,021,000)</u>	<u>\$ -</u>	<u>\$ (1,240,558)</u>
Balance Sheet Reconciliation				
Cash and investments	\$ 3,973,134	\$ 7,520,665	\$ 15,130,482	\$ 26,624,281
Less cash and investments for agency and pension trust funds	<u>-</u>	<u>-</u>	<u>(15,095,150)</u>	<u>(15,095,150)</u>
	<u>\$ 3,973,134</u>	<u>\$ 7,520,665</u>	<u>\$ 35,332</u>	<u>\$ 11,529,131</u>
Noncash investing, capital and financing activities				
Donated fixed assets	\$ (186,211)	\$ -	\$ -	\$ (186,211)
Contributed capital	186,211	-	-	186,211
Book value of fixed assets sold	2,000	35,538	-	37,538
Gain (loss) on sale of fixed assets	<u>(2,000)</u>	<u>(35,538)</u>	<u>-</u>	<u>(37,538)</u>
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

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June 30, 2001

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JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements June 30, 2001

1. **Summary of Significant Accounting Policies:**

The financial statements of Jackson County, Oregon (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the government's accounting policies are described below.

- a. **Organization and Operation:** Jackson County was formed under the predecessor chapter to Oregon Revised Statutes (ORS) 202 and its present home rule charter, effective January 8, 1979 (revised November 2, 1999) was adopted under Article VI, Section 10, of the Oregon State Constitution. Its boundaries are established by ORS 201.150. The County is governed by a Board of County Commissioners consisting of three independently elected members.
- b. **Description of the Reporting Entity:** As required by generally accepted accounting principles, these financial statements present the government and its blended component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from the units are combined with data of the primary government.

Blended Component Units:

Jackson County Urban Renewal Agency - The Agency was organized as a legally separate entity in April 1991 under the provisions of Oregon Revised Statutes (ORS) Chapter 457 as the agency responsible for rebuilding the infrastructure, public facilities and parks in the White City area. The "tax increment financing" method is being used to provide funds for the Agency. The separate June 30, 2001 financial statements of Jackson County Urban Renewal Agency are available at the County's administrative offices.

The Urban Renewal Agency consists of the three elected members of the Jackson County Board of Commissioners. The Agency is administered by the Department of Economic & Special Development. A seven-member Advisory Committee appointed by the Urban Renewal Agency makes recommendations on project priorities and plan amendments. The Agency has no potential component units.

White City Enhanced Law Enforcement District - The District was created June 14, 1995, under authority of Oregon Revised Statutes (ORS) Chapter 451, by the Jackson County Board of Commissioners. The District is supported by a permanent tax rate per thousand of \$2.0211. The Jackson County Board of Commissioners, which also serves as the Board of the District, oversees policy direction for the District. The Jackson County Sheriff's Office has entered into a contractual agreement with the District to provide enhanced public safety service within District boundaries.

The District's separate June 30, 2001 financial statements are available at the County's Administrative offices. The District has no potential component units.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

- c. **Fund Accounting:** The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental; Proprietary; and Fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund - Used to account for the financial resources of the County not accounted for in any other fund. Principal sources of revenues are property taxes, Oregon and California land grant proceeds, state and federal grants and shared revenues, interest, licenses and permits, fines and forfeitures, and charges for services. Primary expenditures are for public safety, libraries, County administration, elections and records, and planning and development.

Special Revenue Funds - Used to account for proceeds of specific revenue sources that are restricted to expenditure for specified purposes. Primary revenue sources are federal and state grants, charges for services, state motor vehicle fee apportionments and proceeds from sale of timber on federal forest reserves.

Capital Projects Funds - Used to account for financial resources to be used for the acquisition or construction of major capital improvements not being financed by proprietary funds. Principal resources are proceeds from bond sales, charges for services, interest and operating transfers.

Debt Service Funds - Used to account for the payment of principal and interest on the Jackson County Urban Renewal Agency's bonded debt, for which the principal source of funding is property tax increment revenue. Other debt service funds are the Library Debt Service Fund and the Juvenile Debt Service Fund which are funded by voter approved property taxes.

Proprietary Fund Types

Enterprise Funds - Used to account for the acquisition, operation and maintenance of County facilities which are predominantly self-supporting through service charges and user fees to customers.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. Summary of Significant Accounting Policies: (Contd)

Internal Service Funds - Used to account for activities and services performed for other organizational units within the County on a cost reimbursement basis. Charges to other organizational units are made to support these activities.

Fiduciary Fund Types

These funds account for resources received and held by the County in a fiduciary capacity or as an agent for private organizations, other governments and other funds. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment.

Agency Funds - Custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting to account for assets that the County holds for others in an agency capacity.

Nonexpendable and Pension Trust Funds - Accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent. The pension trust funds account for the assets of certain employee pension plans.

Account Groups

General Fixed Assets Account Group - Used to account for the County's investment in fixed assets, except those accounted for in the Enterprise and Internal Service Funds. Expenditures for the acquisition of general fixed assets are recorded in the various governmental fund types; the cost of such assets is capitalized in the General Fixed Assets Account Group. No depreciation is recorded on general fixed assets. As general fixed assets are disposed of, the original cost is removed from this account group; receipts from sale of general fixed assets are accounted for as revenue of the respective fund which purchased the assets.

General Long-term Debt Account Group - Used to account for the Jackson County Urban Renewal Agency's tax increment revenue bonds and other long-term obligations not recorded in the proprietary funds.

- d. **Basis of Accounting:** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collection within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. All transactions occurring in the governmental fund types and agency funds are recorded using the modified accrual basis of accounting, except for:

- Interfund transactions for goods and services which are recorded on the accrual basis
- Revenues from grants which are recorded as earned
- Principal and interest on general long-term debt which are recorded when due

Significant revenues which were measurable and available at June 30, 2001 under the modified accrual basis of accounting were as follows:

- Federal and state grants (to the extent that revenues are recorded as eligible expenditures are incurred)
- State, County and local shared revenues for business license tax, liquor tax and other
- Property taxes collected within 60 days of year end

All proprietary fund types, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type and nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The County has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use*

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. Summary of Significant Accounting Policies: (Contd)

Proprietary Fund Accounting. The County applies all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, and does not apply FASB guidance issued subsequent to November 30, 1989 unless specifically adopted by the GASB.

- e. **Budgets:** Except for agency and pension trust funds, the County is required by State law to budget all funds. The Board order authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds are legally adopted and expenditures are controlled at various levels established by the resolution, as follows: total expenditure by fund, by department, or by expenditure type (personal services, materials and services, capital outlay, other, transfers out to other funds). Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Board of Commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Commissioners. The County Administrator's office has been assigned authority to make appropriation adjustments within funds, including interdepartment and expenditure type, without Board of Commissioner approval, provided the total appropriation for a fund is not increased and provided accumulated adjustments do not exceed 10% of the applicable fund total. The County made numerous appropriation transfers during the year ended June 30, 2001 within funds, with Board of Commissioners' approval. Appropriations lapse as of year end.

The County budgets its governmental fund types on the modified accrual basis of accounting and its proprietary fund types, with the exception of capital expenditures, depreciation and debt principal, on the accrual basis of accounting. All budgets are adopted on a fiscal year basis. Actual expenditures or transfers out (on a budgetary basis) were less than the appropriations authorized by the Board of County Commissioners, except Materials and Services in the Library Special Reserve Fund was overexpended \$50,040 and Library Services in the Central Services Fund was overexpended \$11,425.

- f. **Encumbrances:** Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is employed in all budgeted funds during the year for administrative control purposes only. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and are reflected as reservations of fund balance in governmental funds.
- g. **Cash and Investments:** The County maintains a cash and investment management pool that is available for use by all funds, except the pension trust fund.

As allowed by GASB Statement No. 31, the County reports all short-term, highly-liquid

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

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. Investments held by others for the pension trust funds are also valued at fair value.

The County's investments consist of investments in the State of Oregon Local Government Investment Pool, savings accounts, certificates of deposit, Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), and Federal Home Loan Bank (FHLB) certificates, and U.S. Government securities held under repurchase agreements, all of which are authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance calculated on a daily basis.

The County maintains depository insurance under federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, repurchase agreements, and U.S. Treasury and agency investments, which are exempt from Statutes requiring such collateral (see Note 2).

Cash consists of bank demand deposits, investments which are short-term (less than 90-day maturity at purchase) highly liquid instruments and deposits considered to be cash equivalents. The cash and investment management pool has the general characteristic of a demand deposit account for all county 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.

For purposes of the statement of cash flows, cash includes all assets in the cash and investment management pool, including cash and investments with fiscal agents which is restricted.

- h. **Receivables:** Property taxes receivable in the governmental fund types which have been collected within 60 days of year end are considered measurable and available, and are recognized as revenues in the funds. All other property taxes receivable in the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenue. Property taxes receivable in the Trust and Agency Funds are offset by a liability account entitled "amounts held in trust", indicating that these amounts are due to other governmental units.

Assessments receivable, which represent minor improvements benefiting specific property owners, are financed by and recorded in a Special Revenue Fund. The receivables are offset by a deferred revenue account and are recorded as income as they become measurable and available. Substantially all assessments are receivable in installments, including interest at 6% to 12%, over periods of 10 to 20 years.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

Accounts receivable in governmental and proprietary fund types are recorded as revenue when earned.

Receivables for interest, federal and state grants, and state shared revenue are recorded as revenue in all fund types as earned.

County management believes that the amount of any uncollectible accounts included in receivables is not significant; therefore, no provision for uncollectible accounts has been made.

- i. **Deposits and Prepaids:** Deposits represent amounts held by others as agents of the County which remains the property of, and will be returned to, the County.

Prepaids represent regularly recurring payments made to vendors for services which will benefit periods beyond June 30, 2001.

- j. **Inventory of Materials and Supplies:** Governmental Fund Types - Inventory, primarily road repair materials and supplies, is valued at average cost and is shown in the balance sheet as an asset and a reservation of fund balance. The amount shown as inventory has been recorded as an expenditure (purchase method).

Proprietary Fund Types - Inventory of materials and supplies is valued at lower of first-in, first-out (FIFO) cost or market. Expense is recognized as the materials and supplies are used.

- k. **Fixed Assets:** Fixed assets in the General Fixed Assets Account Group and the proprietary funds are stated at either cost, estimated historical cost or fair market value on the date donated for donated assets. Fixed assets with a cost of \$5,000 or more are charged to expenditures in the governmental fund types as purchased and capitalized in the General Fixed Assets Account Group. Assets held at estimated historical cost are not significant. Generally, maintenance and repairs of fixed assets are charged to expenditures in the governmental fund types as incurred and not capitalized. Expenditures for road and bridge construction, sidewalks and drainage systems are not capitalized as fixed assets. Upon disposal of fixed assets, the historical cost, estimated historical cost or fair market value of donated assets is removed from the General Fixed Assets Account Group, and proceeds from any sales are generally recorded as revenue in the funds originally acquiring the assets. Depreciation is not recorded on these fixed assets.

For proprietary fund types, normal maintenance and repairs are charged to operations as incurred. Expenditures for major additions, improvements and replacements are capitalized. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Depreciation of fixed assets is computed on the straight-line method over the estimated useful lives of the related assets. Upon

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

disposal of such assets, the accounts are relieved of the related historical costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation of contributed fixed assets is reported in the operating statement and closed to the appropriate contributed capital account in accordance with GASB's Codification of Governmental Accounting and Financial Reporting Standards, Sections G60.116 and G60.118.

The estimated useful lives of proprietary fund types fixed assets are as follows:

Buildings and improvements	7 to 50 years
Equipment	3 to 20 years

- l. **Long-term Debt:** Long-term debt directly related to and expected to be paid from proprietary funds is included in those funds. All other unmatured long-term debt is recorded in the General Long-term Debt Account Group. Payment of compensated absences and pension will be made from the various governmental funds.
- m. **Compensated Absences:** Accumulated vested compensated absences are accrued in the proprietary fund types as they are earned by employees. In governmental fund types, the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded in the General Long-term Debt Account Group. Sick pay, which does not vest, is recorded when leave is taken.
- n. **Contributed Capital:** Contributed capital in the proprietary fund types represents the accumulation of contributions in the form of cash or other assets which do not have to be returned to the contributor. Such contributions are recorded directly to contributed capital and, accordingly, are not recognized as revenue. The following transactions are recorded as contributions in the proprietary fund types:
 - Receipts of federal and state grants for acquisition of fixed assets
 - Fixed assets contributed from other municipalities, other funds or the General Fixed Assets Account Group
- o. **Reserved Fund Equity:** The reserved fund balances for governmental fund types represent the amounts that have been identified as reserved for specific purposes. Reserved retained earnings for proprietary fund types represent the net assets that have been identified as reserved for specific purposes.

Reservations at June 30, 2001, the purpose for which is not evident on the combined balance sheet, are as follows:

Reserved for O&C Deposits - Deposits held at the Association of O&C Counties. To be returned to Jackson County on or after November 1, 2004, but no later than November 1, 2009.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

Reserved for Video Poker - Video poker funds received from the State of Oregon dedicated for economic development projects. This is the balance of dedicated funds remaining unspent at year end.

Reserved for Taylor Grazing - Funds deposited to the General Fund which may be used only for Taylor Grazing purposes. This includes fencing and other supplies associated with grazing.

Reserved for JACNET - Jackson County Narcotics Enforcement Team (JACNET) funds dedicated for use by the team. JACNET is an interagency team budgeted as a part of the County Sheriff's Office.

Reserved for Cornerstone - A recording fee collected by the Recording section of the County Clerk's Office which may only be used by the Surveyor's Office to establish cornerstone markers.

Reserved for Library - Funds deposited to the General Fund which may be used only for library purposes.

- p. **Self-insurance and Accrued Claims Liability:** The County maintains self-insurance programs (included in the Internal Service Funds) for certain tort and general liability claims, management dental claims and workers' compensation (see Note 12). Premiums are charged to various County funds based on periodically adjusted rates. Premium payments are recorded as expenditures or expenses in the insured fund and revenue in the insurer fund. Estimated liabilities for incurred but not reported claims have been accrued.
- q. **Capital Outlay Expenditures:** Capital outlay expenditures in the General Fund and special revenue funds which relate to specific functional categories (such as highways and streets) are reported in those specific categories.
- r. **Property Tax Calendar:** Property taxes attach as an enforceable lien on July 1 for real property and personal property. Taxes are levied as of July 1 and payable in three installments on November 15, February 15 and May 15. Real property taxes unpaid on May 16 are considered delinquent. The County levies, collects and distributes property taxes for all taxing jurisdictions within its boundaries. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through liens.
- s. **Municipal Solid Waste Landfill:** Jackson County franchises hauling rights with owner-operators of three separate landfills located on private property within the County. The owner-operators are responsible for the closure and postclosure care costs associated with the landfills. Jackson County monitors the various owner-operators to ensure they are meeting regulatory requirements and are adequately funding the closure and postclosure care costs associated with the landfills. Jackson County has not recorded a liability

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

1. **Summary of Significant Accounting Policies:** (Contd)

related to these landfills as of June 30, 2001 and does not anticipate any future obligations as the owner-operators have maintained adequate funding of postclosure care requirements and have met regulatory requirements.

The County operated one landfill that has not accepted waste since October 9, 1993 and, therefore, does not qualify for regulation under the U.S. Environmental Protection Agency rule "Solid Waste Facility Criteria" issued October 9, 1991. Based on an independent party engineering report, the County anticipates a remaining total of \$362,350 in postclosure care costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Of this total, \$16,120 is considered to be the current portion and is recorded as a liability in the Special Revenue Fund. The balance of \$346,230 is recorded in the General Long-Term Debt Account Group (see Note 5).

- t. **Memorandum Only - Total Columns:** The total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.
- u. **Comparative Data:** Comparative data for the prior year have been prepared in certain of the accompanying financial statements in order to provide an understanding of changes in the County's financial position and results of operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

2. **Cash and Investments:**

Cash and investments consist of:

Deposits:	
Cash on hand and held at financial institutions	\$ 147,499
Certificates of deposit	19,857,706
Investments:	
Repurchase agreements	1,466,709
U.S. Government agency securities	34,031,856
Local government investment pool	50,939,465
Assets held by others for the Pension Trust Funds	<u>8,791,395</u>
	115,234,630
Cash held by the Association of O&C Counties	<u>233,274</u>
Total cash and investments	<u><u>\$115,467,904</u></u>

Deposits: At June 30, 2001, the carrying amount of the County's deposits and cash on hand was \$20,005,205 and the bank balance was \$19,406,704. Of the bank balance, \$561,694 was

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements June 30, 2001

2. **Cash and Investments:** (Contd)

covered by federal depository insurance and \$18,845,010 was collateralized with securities held by the pledging financial institution's agent, not in the County's name, and although balances so collateralized meet the requirements of State law, it is considered uncollateralized per GASB Statement No. 3.

Deposits held at the Association of O&C Counties are uncollateralized and are to be returned to the County on or after November 1, 2004. All earnings on investment of this deposit will be retained by the Association.

Investments: The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent, but not in the County's name. The investments, except for the investment in the local government investment pool and assets held by others for pension funds, which are not required to be categorized by level of risk, are held in safekeeping by the financial institution counterparty in the financial institution's general customer account name and are considered to be category 3 investments. The County's investment portfolio at June 30, 2001 is representative of the types of investments made throughout the year.

Investments consist of United States Government securities held under repurchase agreement, State of Oregon Local Government Investment Pool, time certificates of deposits, and agency and instrumentality securities. Bond yield to maturity rates on investments held at the close of business of June 30, 2001 ranged from 4.66% to 6.50% for agencies, and 5.45% to 6.65% for certificates of deposit. In addition, Oregon's local government investment pool was paying 4.16% and our three-day repurchase agreement was set at 2.60%.

The normal investment horizon for the County is 36 months. County Treasurers in Oregon may adopt investment horizons beyond 18 months if they develop an investment policy that is reviewed by the State Treasurer's Oregon Short Term Fund Board, and is adopted by the County's governing body. Jackson County has completed this process and has a policy authorizing an investment horizon of 36 months. At year-end, certificates of deposit outstanding maturities range from July 7, 2001 to July 26, 2002. Agency investment maturities ranged from July 26, 2001 to February 20, 2004.

The fair value of investments in U.S. Government agencies is the year-end market value as reported by the safekeeping financial institution. Certificates of deposit investments are non-negotiable short-term instruments and as such, the fair value is equal to the principal of the investment and they are reported at amortized cost.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

2. **Cash and Investments:** (Contd)

The County participates in the Oregon State Treasurer's Local Government Investment Pool (LGIP), an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short Term Board. The Oregon State Treasurer's Office has calculated the fair value of the underlying investments of the LGIP. The County's investments in LGIP are reported at amortized cost of \$50,939,465; the fair value is \$50,984,384. The fair value of the County's position in the pool is the same as the value of the pool shares. The LGIP reflects gains and losses on sales through adjustments to the rate of interest earned on deposits.

County Treasurers in Oregon retain distributed property taxes for various local taxing districts when so required by state statute. These funds are held in trust and invested by the County Treasurer, pending a request for release of funds by way of an order from the taxing district. Jackson County pools these funds and distributes accrued interest monthly based on actual daily balances within each County and local district fund. The County no longer permits districts to issue demand warrants against these funds. The fair value of the position in the external investment pool is the same as the value of the pool shares.

3. **Interfund Receivables and Payables:**

The following is a listing of interfund receivables and payables by fund at June 30, 2001:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 260,975	\$ 359,637
Special Revenue Funds:		
Special Revenue	2,820	56,114
General Road	83,677	40,572
Health and Human Services	96,419	190,289
Enhanced Law Enforcement District	271	3,123
	<u>183,187</u>	<u>290,098</u>
Capital Projects Funds:		
Expo Capital Reserve	-	541
System Development	4,422	13,910
White City Development	-	3,824
White City Capital	2,547	5,508
Juvenile Special Reserve	-	442
Library Special Reserve	-	104
	<u>6,969</u>	<u>24,329</u>

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

3. **Interfund Receivables and Payables:** (Contd)

Enterprise Funds:		
Exposition Park	\$ -	\$ 4,186
Airport	-	16,184
Recreation	26,705	68,964
	<u>26,705</u>	<u>89,334</u>
Internal Service Funds:		
Motor Pool	84,118	14,362
Self-Insurance	952	12,475
Central Services	298,997	72,256
	<u>384,067</u>	<u>99,093</u>
Trust and Agency Funds:		
Justice Court Agency	-	28,683
Sheriff Agency	-	1,301
Property Tax Clearing Agency	30,572	-
	<u>30,572</u>	<u>29,984</u>
	<u>\$ 892,475</u>	<u>\$ 892,475</u>

4. **Fixed Assets:**

Changes in the General Fixed Assets Account Group for the year ended June 30, 2001 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Balances, July 1, 2000	<u>\$8,507,758</u>	<u>\$36,070,196</u>	<u>\$1,309,656</u>	<u>\$12,763,608</u>	<u>\$2,185,163</u>	<u>\$60,836,381</u>
Additions from:						
General Fund	84,678	-	-	88,337	1,075,943	1,248,958
Special Revenue Funds	-	-	-	1,446,388	-	1,446,388
Capital Projects Funds	608,674	3,128,626	-	-	2,547,275	6,284,575
Total additions	<u>693,352</u>	<u>3,128,626</u>	<u>-</u>	<u>1,534,725</u>	<u>3,623,218</u>	<u>8,979,921</u>
Disposals:						
General Fund	661,200	-	-	6,157	85,704	753,061
Special Revenue Funds	-	1,430	-	485,866	-	487,296
Capital Projects Fund	-	-	-	-	2,005,459	2,005,459
Total disposals	<u>661,200</u>	<u>1,430</u>	<u>-</u>	<u>492,023</u>	<u>2,091,163</u>	<u>3,245,816</u>
Balances, June 30, 2001	<u>\$8,539,910</u>	<u>\$39,197,392</u>	<u>\$1,309,656</u>	<u>\$13,806,310</u>	<u>\$3,717,218</u>	<u>\$66,570,486</u>

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

4. **Fixed Assets:** (Contd)

A summary of proprietary fund types property, plant and equipment at June 30, 2001 follows:

	Enterprise				Internal Service
	Exposition Park	Airport	Recreation	Total	
Land	\$ 822,237	\$13,973,606	\$ 1,353,483	\$16,149,326	\$ 106,000
Buildings and improvements	5,376,989	30,274,872	6,846,897	42,498,758	461,558
Equipment	269,015	865,451	224,211	1,358,677	3,936,253
Construction in progress	-	12,375,063	254,187	12,629,250	-
Accumulated depreciation	(2,667,287)	(17,155,347)	(3,157,743)	(22,980,377)	(2,248,797)
Total	\$ 3,800,954	\$40,333,645	\$ 5,521,035	\$49,655,634	\$2,255,014

5. **Long-term Debt:**

General Long-term Debt Account Group: The following is a summary of long-term debt transactions of the County's General Long-term Debt Account Group for the year ended June 30, 2001:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
General Obligation Bonds	\$ -	\$36,865,000	\$ 605,000	\$ 36,260,000
Urban Renewal Bonds	17,450,000	-	1,884,000	15,566,000
Net Pension Obligation	2,539,798	566,993	-	3,106,791
Compensated Absences	913,127	341,399	-	1,254,526
Landfill Closure and Postclosure Liability	362,350	-	16,120	346,230
Accrued Arbitrage Liability	-	52,897	-	52,897
	\$21,265,275	\$37,826,289	\$2,505,120	\$ 56,586,444

Annual scheduled requirements of compensated absences payable is not determinable.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. Long-term Debt: (Contd)

Bonds Payable:

	Principal			Outstanding June 30, 2001	Interest Matured and Paid During Year
	Outstanding July 1, 2000	Issued During Year	Matured and Paid During Year		
Governmental Fund					
Types					
General Obligation Bonds, Series 2000	\$ -	\$ 20,365,000	\$ 605,000	\$ 19,760,000	\$ 866,427
General Obligation Bonds, Series 2001	-	16,500,000	-	16,500,000	-
Urban Renewal Bonds, Series 1994	2,430,000	-	150,000	2,280,000	214,001
Urban Renewal Bonds, Series 1996	2,090,000	-	655,000	1,435,000	110,180
Urban Renewal Bonds, Series 1996B	1,720,000	-	430,000	1,290,000	79,271
Urban Renewal Bonds, Series 1998	2,325,000	-	199,000	2,126,000	139,870
Urban Renewal Bonds, Series 1999A	8,885,000	-	450,000	8,435,000	474,747
	17,450,000	36,865,000	2,489,000	51,826,000	1,884,496
Proprietary Fund Types					
Airport Revenue Bonds, Series 1992	330,000	-	20,000	310,000	23,880
	<u>\$17,780,000</u>	<u>\$ 36,865,000</u>	<u>\$ 2,509,000</u>	<u>\$52,136,000</u>	<u>\$ 1,908,376</u>

General Obligation Bonds:

Series 2000: Jackson County General Obligation Library Bonds - Series 2000, principal is due in varying annual installments through June 2020; interest paid semi-annually at 5.0% through June 2013, graduating to 5.25% in 2015. Bonds maturing on or after June 1, 2011 are subject to redemption at the option of the County at any time on or after June 1, 2010, by lot within a maturity, at a price of par plus accrued interest to the date of redemption. The proceeds of the bonds are being used to finance the costs of land acquisition, capital construction, and improvements to library facilities.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. Long-term Debt: (Contd)

Fiscal Year	Principal Maturities	Interest	Total
2002	\$ 635,000	\$ 1,009,462	\$ 1,644,462
2003	665,000	977,713	1,642,713
2004	695,000	944,462	1,639,462
2005	730,000	909,713	1,639,713
2006	770,000	873,212	1,643,212
2007	805,000	834,713	1,639,713
2008	850,000	794,462	1,644,462
2009	890,000	751,963	1,641,963
2010	940,000	707,462	1,647,462
2011	990,000	660,463	1,650,463
2012	1,040,000	610,962	1,650,962
2013	1,095,000	558,963	1,653,963
2014	1,160,000	504,212	1,664,212
2015	1,225,000	444,763	1,669,763
2016	1,295,000	381,675	1,676,675
2017	1,365,000	313,687	1,678,687
2018	1,450,000	242,025	1,692,025
2019	1,535,000	165,900	1,700,900
2020	1,625,000	85,313	1,710,313
	<u>\$ 19,760,000</u>	<u>\$ 11,771,125</u>	<u>\$ 31,531,125</u>

Series 2001: Jackson County General Obligation Juvenile Services Center Bonds - Series 2001, principal is due in varying annual installments through June 2011; interest paid semi-annually at 4.125% through June 2004, graduating to 5.0% in 2009. The bonds are not subject to optional redemption. The proceeds of the bonds are being used to finance the costs of land acquisition, capital construction and capital improvements of certain juvenile facilities.

Fiscal Year	Principal Maturities	Interest	Total
2002	\$ 1,370,000	\$ 726,900	\$ 2,096,900
2003	1,420,000	670,388	2,090,388
2004	1,475,000	611,813	2,086,813
2005	1,535,000	550,968	2,085,968
2006	1,595,000	481,894	2,076,894
2007	1,665,000	416,100	2,081,100
2008	1,740,000	345,337	2,085,337
2009	1,815,000	271,388	2,086,388
2010	1,900,000	194,250	2,094,250
2011	1,985,000	99,250	2,084,250
	<u>\$ 16,500,000</u>	<u>\$ 4,368,288</u>	<u>\$ 20,868,288</u>

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. **Long-term Debt:** (Contd)

Urban Renewal Bonds:

Principal and interest on all Urban Renewal Bonds are payable first from all tax increment revenues and second, if necessary, from all other available resources. As part of the bond covenants, the Agency is required to certify to the County Assessor of Jackson County, Oregon, to the extent it is legally able to do so, each fiscal year bonds are outstanding, an amount sufficient so that the amount to be received is not less than the annual debt service on the bonds. In the event the tax increment revenues in such fiscal year are less than the annual debt service on the bonds in such fiscal year, then the Agency will certify to the County Assessor, to the extent it is legally able to do so, in future fiscal years such amounts as are necessary to make up any deficiency for previous fiscal years.

Series 1993: On December 7, 1999, the County extinguished \$1,295,000 of Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1993 through an in-substance defeasance. The in-substance defeasance was accomplished by placing a portion of the proceeds from the Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1999A in an irrevocable trust from which principal and interest payments will be made on the defeased debt. At June 30, 2001, \$1,025,000 in Series 1993 Bonds were outstanding and considered defeased.

Series 1994: Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1994, principal is due in varying annual installments through December 2009; interest paid semiannually at 7% in June 1995, graduating to 9.375% in 2009; the bonds maturing in years 1995 through 2005, inclusive, are not subject to optional redemption prior to maturity. The bonds maturing on or after December 1, 2006 are subject to redemption at the option of the Agency on and after December 1, 2005 in whole or in part, and by lot within a maturity on any interest payment date at 100% of par value. The proceeds from the bonds were used to fund a grant to Eastman Kodak, formerly Minnesota Mining and Manufacturing Company, for construction and improvement of environmental controls at its White City Manufacturing facility. Cash and investments of \$376,826 are held in a reserve account in accordance with provisions of the bond resolution.

Fiscal Year	Principal Maturities	Interest	Total
2002	\$ 170,000	\$ 199,986	\$ 369,986
2003	190,000	183,966	373,966
2004	205,000	166,389	371,389
2005	225,000	147,254	372,254
2006	245,000	126,339	371,339
2007	270,000	103,421	373,421
2008	295,000	77,578	372,578
2009	325,000	48,515	373,515
2010	355,000	16,640	371,640
	<u>\$ 2,280,000</u>	<u>\$ 1,070,088</u>	<u>\$ 3,350,088</u>

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. **Long-term Debt:** (Contd)

Series 1996: Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1996, principal is due in varying annual installments through April 2003; interest paid semiannually at 4.5% in October 1996, graduating to 5.4% in 2003; the bonds are subject to prepayment at any time at the Agency's option. Cash and investments of \$420,000 are held in a reserve account in accordance with provisions of the bond resolution.

<u>Fiscal Year</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 695,000	\$ 76,447	\$ 771,447
2003	740,000	39,960	779,960
	<u>\$1,435,000</u>	<u>\$ 116,407</u>	<u>\$1,551,407</u>

Series 1996B: Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1996B, principal is due in varying annual installments through December 2003; interest paid semiannually at 4.41% in June 1997, graduating to 5.41% in 2003; the bonds are subject to prepayment at any time at the Agency's option. Cash and investments of \$300,000 are held in a reserve account in accordance with provisions of the bond resolution.

<u>Fiscal Year</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 430,000	\$ 57,298	\$ 487,298
2003	430,000	34,680	464,680
2004	430,000	11,632	441,632
	<u>\$1,290,000</u>	<u>\$ 103,610</u>	<u>\$1,393,610</u>

Series 1998: Jackson County Urban Renewal Agency, Urban Renewal Bonds - Series 1998, principal is due in varying annual installments through June 15, 2008; interest paid semiannually at 6.0% in 1999, graduating to 6.55% in 2008; the bonds are subject to prepayment at any time at the Agency's option. Cash and investments of \$232,500 are held in a reserve account in accordance with provisions of the bond resolution. This is a federally taxable bond issue.

<u>Fiscal Year</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 212,000	\$ 127,487	\$ 339,487
2003	225,000	114,211	339,211
2004	239,000	99,999	338,999
2005	254,000	84,712	338,712
2006	271,000	68,238	339,238
2007	289,000	50,526	339,526
2008	308,000	31,417	339,417
2009	328,000	10,742	338,742
	<u>\$2,126,000</u>	<u>\$ 587,332</u>	<u>\$2,713,332</u>

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. **Long-term Debt:** (Contd)

Series 1999A: Jackson County Urban Renewal Agency, Urban Renewal Bonds, principal is due in increasing annual installments through June 1, 2014; interest paid semiannually at 4.40% in 2000 to 5.90% in 2014; bonds may be prepaid on any interest payment date, in whole or in part, during the following periods and at the following prices (expressed as a percentage of the principal amount which is prepaid):

103% from June 1, 2000 to June 1, 2001
 102% from June 1, 2001 to June 1, 2002
 101% from June 1, 2002 to June 1, 2003
 100% after June 1, 2003

Bond proceeds were designated for 1) refunding, on an advance refunding basis, the Urban Renewal Bonds series 1993; 2) paying costs of capital projects as defined in the 1999 project list, and; 3) paying the costs of issuance of the bonds. There is no reserve requirement for this issue.

<u>Fiscal Year</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 475,000	\$ 454,047	\$ 929,047
2003	495,000	431,485	926,485
2004	520,000	407,725	927,725
2005	545,000	381,985	926,985
2006	570,000	354,462	924,462
2007	600,000	325,108	925,108
2008	635,000	293,607	928,607
2009	665,000	259,953	924,953
2010	705,000	224,042	929,042
2011	740,000	185,267	925,267
2012	785,000	143,828	928,828
2013	825,000	99,475	924,475
2014	875,000	51,625	926,625
	<u>\$8,435,000</u>	<u>\$3,612,609</u>	<u>\$12,047,609</u>

Enterprise Fund:

Series 1992 - Airport Revenue Bonds - Series 1992, principal is due in varying annual installments through March 1, 2012; interest paid semiannually at 4.25% in March 1993, graduating to 7.30% in March 2003 and thereafter; the bonds maturing in 2001 and thereafter are redeemable in whole or in part at the option of the County beginning March 1, 2000 at par plus accrued interest.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. **Long-term Debt:** (Contd)

<u>Fiscal Year</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 20,000	\$ 22,540	\$ 42,540
2003	20,000	21,170	41,170
2004	25,000	19,710	44,710
2005	25,000	17,885	42,885
2006	25,000	16,060	41,060
Thereafter	<u>195,000</u>	<u>53,290</u>	<u>248,290</u>
	<u>\$ 310,000</u>	<u>\$ 150,655</u>	<u>\$ 460,655</u>

Line of Credit: Jackson County entered into a non-revolving line of credit agreement with Key Bank on November 5, 1998, in a maximum principal amount of \$10,000,000 to finance an airport runway extension project. Unless renewed, the outstanding balance of the line of credit shall be repaid no later than November 5, 2003. Interest is payable semiannually on each May 5 and November 5. The County incurred interest expense of \$338,799 during the year on the line of credit, and capitalized \$336,466. Principal amounts outstanding on June 30, 2001 are as follows:

<u>Draw #</u>	<u>Interest Rate</u>	<u>Amount</u>
1	6.26%	\$ 558,711
2	5.81%	445,000
4	3.79%	810,000
5	4.08%	675,000
7	5.67%	404,000
8	5.02%	245,000
9	6.23%	200,000
10	4.04%	200,000
11	6.70%	200,000
12	6.50%	587,600
13	6.30%	603,000
14	6.05%	<u>200,000</u>
		<u>\$5,128,311</u>

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

5. **Long-term Debt:** (Contd)

SEC Rule 15c2-12:

Jackson County is required to file material events notices to a nationally recognized municipal securities information repository. Management believes there are no material events requiring filing as of the date of this report.

6. **Contributed Capital:**

Changes in contributed capital in the proprietary funds for the year ended June 30, 2001 are as follows:

	Enterprise Funds	Internal Service Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Balances, July 1, 2000	\$ 37,872,057	\$ 322,246	\$ 38,194,303
Federal and State grants for the acquisition of fixed assets	6,537,854	-	6,537,854
Contributions of fixed assets	186,211	-	186,211
Depreciation on fixed assets acquired with grant receipts	<u>(950,691)</u>	<u>-</u>	<u>(950,691)</u>
Balances, June 30, 2001	<u><u>\$ 43,645,431</u></u>	<u><u>\$ 322,246</u></u>	<u><u>\$ 43,967,677</u></u>

7. **Segment Information:**

The County operates three Enterprise Funds which account for the following activities:

Exposition Park Enterprise - Accounts for the activities of the Jackson County Fair and Exposition Park.

Airport Enterprise - Accounts for the acquisition, development and operations of the Rogue Valley International - Medford Airport.

Recreation Enterprise - Accounts for the activities of specific recreational facilities within Jackson County.

Segment information for the Enterprise Funds for the year ended June 30, 2001 is as follows:

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

7. **Segment Information:** (Contd)

	Exposition Park Enterprise	Airport Enterprise	Recreation Enterprise	Total
Operating revenues	\$ 1,250,171	\$ 3,231,773	\$ 711,594	\$ 5,193,538
Depreciation	173,484	904,001	261,546	1,339,031
Operating income (loss)	(213,570)	(127,413)	(1,083,212)	(1,424,195)
Operating transfers in	121,225	-	281,366	402,591
Intergovernmental revenue	41,976	50,000	373,474	465,450
Passenger facility charges	-	712,483	-	712,483
Net income (loss)	(32,264)	850,709	(404,121)	414,324
Contributed capital, net increase	137,812	5,178,497	457,065	5,773,374
Fixed assets additions	167,092	7,759,948	409,665	8,336,705
Fixed assets deletions	77,000	-	2,003	79,003
Net working capital	14,432	8,844,519	256,456	9,115,407
Total assets	3,959,322	51,003,364	6,022,054	60,984,740
Total long-term debt, including current portion	-	5,438,311	-	5,438,311
Total fund equity	3,815,386	43,759,853	5,777,491	53,352,730

8. **Transfers:**

Operating transfers are summarized as follows:

Transfer From	Transfer To										Total
	Special Revenue			Capital Projects			Enterprise		Internal Service		
	General	General Road	Health and Human Services	Capital Projects	County-City Arterial	White City Development	Exposition Park	Recreation	Motor Pool	Central Services	
General Fund	\$ -	\$ -	\$ 1,087,501	\$ 109,568	\$ -	\$ -	\$ 121,225	\$ 242,595	\$ 85,311	\$ 1,460,577	\$ 3,106,777
Special Revenue Funds:											
General Road	-	-	-	-	500,000	-	-	-	-	-	500,000
Special Revenue	12,805	-	15,000	-	-	-	-	24,771	-	100,000	152,576
Capital Projects Funds:											
System Development	-	525,000	-	-	-	-	-	-	-	-	525,000
White City Capital Parks System Development	-	-	-	-	-	300,000	-	-	-	-	300,000
Development	-	-	-	-	-	-	-	14,000	-	-	14,000
Nonexpendable Trust	2,085	-	-	-	-	-	-	-	-	-	2,085
Total	\$ 14,890	\$ 525,000	\$ 1,102,501	\$ 109,568	\$ 500,000	\$ 300,000	\$ 121,225	\$ 281,366	\$ 85,311	\$ 1,560,577	\$ 4,600,438

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

9. **Pension Plans:**

- a. **Accounting Standards:** The County follows Governmental Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, (GASB No. 25) and Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* (GASB No. 27). These Statements establish standards for the measurement, recognition and display of pension expenditures/expense and related liabilities, assets, note disclosures and required supplementary information in the financial reports of state and local employers. Employers that participate in single employer and agent multiple-employer defined benefit pension plans (sole and agent employers) are required to measure and disclose an amount for annual pension cost on the accrual basis of accounting. Annual pension cost should be equal to the employer's annual required contribution (ARC) to the plan unless the employer has a net pension obligation (NPO) for past undercontributions or overcontributions.
- b. **Oregon Public Employes Retirement System (OPERS):**

Plan Description - The County's defined benefit multiple-employer pension plan provides retirement, death and disability benefits to participants or their beneficiaries. Jackson County is a participating employer in the Oregon Public Employes Retirement System (OPERS), an agent multiple-employer public employee retirement system, established under Oregon Revised Statutes 238.600, that acts as a common investment and administrative agent for public employers in the State of Oregon. All County employees are eligible to participate in OPERS in accordance with PERS statutes. Benefits are established by State Statute, and employer contributions are made at an actuarially determined rate as adopted by the Public Employes Retirement Board. OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employes Retirement System, P.O. Box 73, Portland, Oregon 97207-0073 or by calling (503) 229-5824.

Funding Policy - The County's current ARC rate of 10.70% of covered payroll is based upon the December 31, 1997 valuation. The next valuation date is December 31, 1999, with results effective July 1, 2001.

State Statutes require covered employees to contribute 6% of their annual covered salary to the system but allow the employer to pay any or all of the employees' contribution in addition to the required employers' contribution. The County is required by State Statute to apply its current employer rate of 10.70% to the payroll amount consisting of the subject salary plus the 6% "pick-up" of the employees' contribution (covered payroll). The County currently pays for certain employees' contributions.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

9. Pension Plans: (Contd)

Annual Pension Cost - Because all OPERS participating employers are required by law to submit the contributions as adopted by the Retirement Board, and employer contributions are calculated and made in conformance with the parameters of GASB No. 27, there is no NPO to report and the ARC is equal to the annual pension cost. For the fiscal years ended June 30, 2001, 2000 and 1999, the County's annual pension cost contributed was \$4,369,047, \$4,012,630 and \$3,712,943, respectively.

The County's pension liability and the annual required contribution rate were determined as part of the December 31, 1997 actuarial valuation using the entry age actuarial cost method. On December 31, 1997, the actuarial value of assets was equal to fair market value. The unfunded actuarial accrued liability is amortized as a level percentage of covered payroll on an open basis over a 30-year period. The actuarial assumptions include consumer price inflation of 3.5% per year, a rate of return on the investment of present and future assets of 8% per year, projected salary increase of 4% per year, and cost of living adjustments of 2% per year for post-retirement benefits.

The December 31, 1999 actuarial valuation, which was to be used to determine contribution rates for the County's next fiscal year, uses the entry age actuarial cost method. On December 31, 1999, the actuarial value of assets was equal to fair market value. The unfunded actuarial accrued liability is amortized as a level percentage of covered payroll on a closed basis over a 28-year period. OPERS is moving towards a 20-year amortization standard. The actuarial assumptions include consumer price inflation of 3.5% per year, a rate of return on the investment of present and future assets of 8% per year, projected salary increase of 4.25% per year, and cost of living adjustments of 2% per year for post-retirement benefits.

In May 2001, the County elected to join the Local Government Rate Pool (LGRP) of OPERS effective July 1, 2001. Pooling treats separate employers as one group for the purposes of determining employer pension costs and rates. The County's employer contribution rate, which included provision for the County's transition liability, was 10.44% of covered payroll for July 2001. During July 2001 the County paid its Unfunded Actuarial Liability of \$2,083,761 thereby reducing its employer contribution rate to 10.08% of covered payroll effective August 1, 2001.

The Local Government Rate Pool of OPERS will be dissolved effective December 31, 2001. The following day, January 1, 2002, will be the beginning date for a new State & Local Government Rate Pool of OPERS. It will include all state agencies, community colleges, state institutions of higher education, and any local governments that elect to join. Jackson County is eligible to join the State & Local Government Rate Pool by enrolling in the pool. If the County does not choose to enroll in the pool, the County will be regarded as an individual employer for actuarial purposes.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

9. **Pension Plans:** (Contd)

The following table presents a schedule of actuarially calculated funding progress for the County's multiple-employer pension plan:

	Actuarial Valuation Date		
	12-31-99	12-31-97	12-31-95
Actuarial Value of Assets	\$ 69,554,831	\$ 36,224,125	\$ 13,310,785
Actuarial Accrued Liability	71,415,853	43,479,071	31,850,119
Unfunded Actuarial Accrued Liability	<u>\$ 1,861,022</u>	<u>\$ 7,254,946</u>	<u>\$ 18,539,334</u>
Funded Ratio	<u>97%</u>	<u>83%</u>	<u>42%</u>
Covered Payroll	<u>\$ 31,381,030</u>	<u>\$ 25,832,293</u>	<u>\$ 19,353,516</u>
Unfunded Actuarial Liability as a Percent of Covered Payroll	<u>6%</u>	<u>28%</u>	<u>96%</u>

c. **Single Employer Plans #1, #3 and #5:**

Plan Description, Funding Policy and Annual Pension Cost - The County has maintained five single employer (sole agent) defined benefit plans which provide retirement, death and disability benefits to participants or their beneficiaries. During the 1992-1993 fiscal year, the County's employees participating in pension plans #1, #3 and #5 voted to convert their current pension plans to OPERS. Enrollment was made retroactive as though each employee enrolled in OPERS on the date of hire. Since these plans have been integrated with OPERS, the County is no longer required to make contributions to these plans, as the contributions to these plans are now a part of the overall OPERS contribution (refer to *Funding Policy* above). Plans #1, #3 and #5 covered nonmanagement general employees and members of the Jackson County Sheriff employees association. Sheriff's deputies and corrections officers, and Sheriff's management and confidential employees were covered by Plans #2 and #4. In December 1997, plan assets for Plans #2 and #4 were transferred to OPERS. At the time of conversion, 41 employees elected to remain in Plan #2 and 14 elected to remain in Plan #4. As of June 30, 2000, all transferable plan assets for plans #1, #3 and #5 had been transferred to OPERS.

d. **Single Employer Plans #2 and #4:**

Plan Description - Plans #2 and #4 (Sheriff's deputies and corrections officers, and Sheriff's management and confidential employees, respectively) of the County's single

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

9. **Pension Plans:** (Contd)

employer (sole agent) defined benefit pension plans have transferred agreed-upon assets to OPERS. All new employees that would have historically been eligible to participate in these plans are being enrolled as members of OPERS (see OPERS information above). Benefits are established by ORS 237.620(4), which states that the County must maintain pension plans for Police and Fire Department employees. The employer contributions are actuarially determined by Standard Life Insurance Company, who maintains the pension plans' assets. Standard Life Insurance Company issues an annual report, which can be obtained by writing Standard Life Insurance Company, 1100 S.W. Sixth Avenue, Portland, Oregon 97204-1093 or by calling (503) 321-7000.

Funding Policy - The contribution requirements of plan members and the County are established in contracts between the County and the Sheriff's Office. Members of Plans #2 and #4 are required to contribute 6% of their monthly salary, based on pre-tax dollars. The County contributes whatever amount is required in addition to accumulated employee contributions to pay for the cost of the plan. Currently, (January 1, 2001 valuation), the actuarially determined rates are 132.2% (20 active participants) and 108.0% (12 active participants) of covered payroll for Plans #2 and #4, assuming 8 and 5-year amortization periods, respectively.

Annual Pension Cost and Net Pension Obligation - The County's annual pension cost and net pension obligation related to pension Plans #2 and #4 for the plan year ended December 31, 2000 is as follows:

	<u>Plan #2</u>	<u>Plan #4</u>
Annual required contribution	\$ 1,017,254	\$ 528,375
Interest on net pension obligation	242,827	76,824
Adjustment to annual required contribution	<u>(436,748)</u>	<u>(183,794)</u>
Annual pension cost	823,333	421,405
Contributions made by December 31, 2000	<u>1,130,701</u>	<u>653,474</u>
Increase (decrease) in net pension obligation	(307,368)	(232,069)
Net pension obligation, January 1, 2000	<u>3,468,954</u>	<u>1,097,486</u>
Net pension obligation, December 31, 2000	<u><u>\$ 3,161,586</u></u>	<u><u>\$ 865,417</u></u>

The following table presents ten-year trend information for the County's active single employer pension plans:

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

9. Pension Plans: (Contd)

	<u>Plan Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Plan #2	December 31, 2000	\$ 823,333	137.3%	\$ 3,161,586
	December 31, 1999	964,842	186.0%	3,468,954
	December 31, 1998	812,044	125.9%	4,299,119
	December 31, 1997	1,648,283	58.9%	4,509,683
	December 31, 1996	1,069,999	0.0%	3,832,179
	December 31, 1995	1,005,216	90.6%	2,762,180
	December 31, 1994	871,148	0.0%	2,667,363
	December 31, 1993	760,569	0.0%	1,796,215
	December 31, 1992	623,650	0.0%	1,035,646
	December 31, 1991	386,955	92.6%	411,996
Plan #4	December 31, 2000	\$ 421,405	155.1%	\$ 865,417
	December 31, 1999	357,414	110.7%	1,097,486
	December 31, 1998	420,300	0.0%	1,135,729
	December 31, 1997	336,760	135.0%	715,429
	December 31, 1996	212,644	0.0%	833,215
	December 31, 1995	239,180	100.0%	620,571
	December 31, 1994	231,151	0.0%	621,062
	December 31, 1993	196,271	0.0%	389,911
	December 31, 1992	183,370	0.0%	193,640
	December 31, 1991	147,561	100.0%	10,270

Schedule of funding progress (10 years):

	<u>Actuarial Valuation as of January 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Assets to AAL</u>	<u>Unfunded AAL</u>	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percent of Covered Payroll</u>
Plan #2	2001	\$ 7,219,459	\$13,500,890	53.5%	\$6,281,431	\$ 1,181,530	531.6%
	2000	9,241,633	13,829,987	66.8%	4,588,354	1,443,659	317.8%
	1999	8,751,237	14,180,577	61.7%	5,429,340	1,640,840	330.9%
	1998	9,166,818	13,669,592	67.1%	4,502,774	1,776,090	253.5%
	1997	8,147,759	15,482,173	52.7%	7,334,414	3,473,218	211.2%
	1996	7,288,201	11,778,705	61.9%	4,490,504	3,458,572	129.8%
	1995	6,403,082	9,960,141	64.3%	3,557,059	3,073,410	115.7%
	1994	5,438,112	8,854,155	61.4%	3,416,043	2,872,450	119.2%
	1993	5,231,450	7,656,123	68.3%	2,424,673	2,668,697	90.6%
	1992	5,017,991	6,422,625	78.1%	1,404,634	2,308,267	60.9%
Plan #4	2001	\$ 2,593,374	\$ 5,589,027	46.4%	\$2,995,653	\$ 837,929	357.5%
	2000	2,866,383	5,177,978	55.4%	2,311,595	821,718	281.3%
	1999	2,538,460	4,599,655	55.2%	2,061,195	721,607	285.6%
	1998	2,059,856	4,214,399	48.9%	2,154,543	744,569	289.4%
	1997	2,088,482	4,137,579	50.5%	2,049,097	911,413	224.8%
	1996	2,617,277	3,993,550	65.5%	1,376,273	886,758	155.2%
	1995	2,262,763	3,654,803	61.9%	1,392,040	870,307	159.9%
	1994	2,593,630	3,602,489	72.0%	1,008,859	749,670	134.6%
	1993	2,393,154	3,086,509	77.5%	693,355	788,095	88.0%
	1992	2,656,574	3,151,402	84.3%	494,828	718,432	68.9%

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

9. **Pension Plans:** (Contd)

As of January 1, 2001, plans #2 and #4 have 20 and 12 employees respectively.

Schedule of employer contributions (10 years):

	<u>Plan Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
Plan #2	December 31, 2000	\$1,017,254	111.2%
	December 31, 1999	1,205,172	148.9%
	December 31, 1998	1,056,820	96.8%
	December 31, 1997	1,795,007	54.1%
	December 31, 1996	1,130,359	0.0%
	December 31, 1995	1,063,504	85.6%
	December 31, 1994	910,399	0.0%
	December 31, 1993	783,200	0.0%
	December 31, 1992	632,653	0.0%
	December 31, 1991	395,334	90.7%
Plan #4	December 31, 2000	\$ 528,375	123.7%
	December 31, 1999	468,111	84.5%
	December 31, 1998	488,786	0.0%
	December 31, 1997	395,657	114.9%
	December 31, 1996	226,205	0.0%
	December 31, 1995	252,752	94.8%
	December 31, 1994	239,671	0.0%
	December 31, 1993	200,503	0.0%
	December 31, 1992	183,594	0.0%
	December 31, 1991	147,790	100.0%

The annual required contribution for the current year was actuarially determined as part of a January 1, 2000 actuarial valuation using the entry age actuarial cost method. On January 1, 2000, the actuarial value of assets was equal to the balance in the deposit administration fund with interest accrued to the end of the previous calendar quarter, increased by the amount of any accrued or assumed contributions and decreased by the amount of any accrued expenses. The actuarial assumptions include projected salary increases of 6% per year and a return of investment of 7%. The unfunded actuarially accrued liability is being amortized as a level percentage of projected payroll on an open basis over a 8-year period for Plan #2 and a 5-year period for Plan #5.

10. **Commitments and Contingencies:**

The County is party to various legal proceedings generally incidental to its business. Although the ultimate disposition of these proceedings is not presently determinable, management is vigorously defending the claims and does not believe that adverse determination in any or all of such proceedings will have a material adverse effect upon the financial condition of the County.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

10. **Commitments and Contingencies:** (Contd)

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, and any adjustments may become a liability of the General Fund or other applicable funds. County management believes that adjustments, if any, will not materially affect the County's financial condition.

11. **Fund Equity Deficits:**

The Enhanced Law Enforcement District Fund had a deficit fund balance of \$19,183 at June 30, 2001. The deficit retained earnings in the Exposition Park Enterprise Fund (\$654,741) is partially the result of depreciation expense on the facility. This fund is required to be self-supporting for operating expenses excluding depreciation. The County is attempting to reduce deficit retained earnings over time as usage and fees are increased and events resulting in losses are reduced or eliminated. The Self-Insurance Fund deficit retained earnings of \$546,983 at June 30, 2001 is the result of higher than expected claims during the year.

12. **Self-Insurance:**

In July 1996, the County implemented GASB Statement No. 30, *Risk Financing Omnibus*, which amends GASB Statement No. 10, to require inclusion of specific, incremental claim adjustment expenses and estimated recoveries in the determination of the liability for unpaid claims. GASB No. 30 also requires disclosure of whether other claim adjustment expenses are included in the liability for unpaid claims.

The County has established a Self-Insurance Internal Service Fund to account for and finance its risks of loss. The County is self-insured for unemployment compensation, workers' compensation, most general liability, auto liability, medical professional liability, police professional liability, and municipal liability exposures. The County carries a primary general and auto liability policy which is subject to a \$250,000 self-insured retention with a \$2,000,000 limit per occurrence/aggregate plus an Umbrella liability policy with limits of \$3,000,000 per occurrence/aggregate. The County carries a Workers' Compensation policy which is subject to a \$500,000 self-insured retention and Statutory limits for Workers' Compensation claims, plus a \$1,000,000 limit for Employers Liability claims. The County purchases insurance for the airport and several miscellaneous liability exposures. The County experienced no claim losses in excess of coverage obtained during fiscal years 2000 and 1999. During fiscal year 2001, a negotiated settlement of \$1.8 million was reached with a claimant.

Claims liabilities reported in the County's general purpose financial statements are based on an actuarial estimate of the ultimate cost of settling claims incurred, including incurred but not reported (IBNR) claims as of the balance sheet date. Claims liabilities include all incremental costs incurred directly as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense has been reduced by amounts recovered, or expected to be recovered through excess insurance.

JACKSON COUNTY, OREGON

Notes to General Purpose Financial Statements
June 30, 2001

12. **Self-Insurance:** (Contd)

At June 30, 2001, a total claims liability of \$4,691,179 is reported in the Self-Insurance Fund. All prior and current-year claims are fully reserved and have not been discounted. The County does not utilize annuity contracts from commercial insurers. Therefore, during this reporting period, all known liabilities have been disclosed.

Fiscal Year Ending June 30	Balance at Beginning of Year	Current-Year Claims and Change Estimates	Claim Payments	Balance at End of Year
2001	\$ 2,777,615	\$ 2,652,381	\$ 738,817	\$ 4,691,179
2000	2,527,447	1,378,992	1,128,824	2,777,615
1999	2,379,972	726,681	579,206	2,527,447

Table 1

JACKSON COUNTY, OREGON

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u> (2)	<u>Planning and Development</u>	<u>County Administration</u>	<u>Health and Human Services</u>	<u>Internal Services</u>	<u>Parks and Libraries</u>	<u>Elections and Records</u>
1991-92	\$2,143,312	\$4,160,019	\$12,857,504	\$3,163,765	\$4,480,801	\$2,660,343
1992-93	2,198,693	4,308,206	14,369,793	2,956,819	4,543,966	2,792,571
1993-94	2,494,952	4,382,275	16,475,894	2,787,376	3,993,264	3,066,483
1994-95	2,694,355	4,510,117	18,476,652	3,261,539	4,534,887	2,725,192
1995-96	2,066,678	3,886,183	18,479,165	2,990,018	4,828,480	2,774,338
1996-97	2,249,578	2,349,415	20,118,769	7,202,209	4,761,961	2,920,681
1997-98	2,657,810	2,853,045	22,761,336	8,021,744	5,707,515	2,961,138
1998-99	3,082,843	4,054,080	25,954,137	-	6,741,160	3,401,895
1999-00	3,330,133	4,931,675	28,418,602	-	6,454,172	3,893,822
2000-01	3,685,481	4,900,243	33,451,330	-	6,268,148	3,613,636

Notes:

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Each fiscal year begins July 1 and ends June 30.

(3) National Consumer Price Index - Wage Earnings (CPI-W) for June of each year.

(4) Base year is set at 138.4 (fiscal year 1991-92).

Source: County Financial Records

<u>Public Safety</u>	<u>Transportation</u>	<u>Debt Service</u>	<u>Total</u>	<u>Consumer Price Index (3)</u>	<u>Expenditures Adjusted for Consumer Price Index (4)</u>	<u>Percentage Change</u>
\$ 10,800,254	\$11,924,889	\$ -	\$ 52,190,887	138.4	\$ 52,190,887	- %
11,701,240	11,339,276	-	54,210,564	142.1	52,799,029	1.2
12,674,350	10,966,126	344,201	57,184,921	145.9	54,245,326	2.7
13,357,848	10,678,466	718,556	60,957,612	150.0	56,243,557	3.7
14,619,845	12,831,510	1,096,595	63,572,812	154.4	56,984,956	1.3
17,764,103	13,309,354	1,348,657	72,024,727	157.5	63,290,300	11.1
21,072,685	12,809,537	2,101,800	80,946,610	159.8	70,106,451	10.8
23,823,703	16,181,866	5,600,992	88,840,676	163.3	75,294,241	7.4
25,569,733	14,370,407	2,501,878	89,470,422	169.5	73,054,315	(3.0)
28,071,948	15,766,924	4,373,496	100,131,206	174.6	79,370,899	8.6

JACKSON COUNTY, OREGON

General Governmental Revenues by Source (1)
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Intergovernmental	Charges for Services	Licenses, Permits and Fines	Taxes (2)	Interest and Miscellaneous	Total
1991-92	\$ 39,555,988	\$ 5,580,653	\$ 551,351	\$ 5,167,676	\$ 1,804,421	\$ 52,660,089
1992-93	41,566,801	7,450,501	702,402	5,329,592	1,348,142	56,397,438
1993-94	40,819,920	7,820,714	899,358	5,991,130	1,421,774	56,952,896
1994-95	43,996,509	8,300,201	925,421	6,605,562	2,147,916	61,975,609
1995-96	45,045,123	9,000,684	902,573	11,297,188	2,470,739	68,716,307
1996-97	46,828,413	13,475,804	936,342	17,243,626	2,810,685	81,294,870
1997-98	50,114,449	13,411,385	970,355	17,876,767	3,140,796	85,513,752
1998-99	57,710,377	8,415,624	1,152,956	21,148,593	3,035,807	91,463,357
1999-00	58,692,116	8,469,099	1,340,970	23,234,307	2,909,609	94,646,101
2000-01	62,023,447	9,565,578	1,285,409	28,027,313	3,962,159	104,863,906

Notes:

- (1) Includes General, Special Revenue and Debt Service Funds.
- (2) 1995-96 included an enhanced library serial levy; 1996-97 included a serial levy for the White City Enhanced Law Enforcement District.

Source: County Financial Records

JACKSON COUNTY, OREGON

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected First Year</u>	<u>Delinquent Tax Collections</u> (1)	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1991-92	\$ 5,256,529	\$ 4,875,250	92.7 %	\$ 380,799	\$ 5,256,049	100.0 %	\$ 480	0.0 %
1992-93	5,286,755	4,959,253	93.8	326,788	5,286,041	100.0	714	0.0
1993-94	5,398,720	5,099,534	94.5	298,338	5,397,872	100.0	848	0.0
1994-95	6,625,063	6,270,565	94.6	353,261	6,623,826	100.0	1,237	0.0
1995-96	12,306,461	11,640,334	94.6	661,922	12,302,256	100.0	4,205	0.0
1996-97	18,187,613	17,113,460	94.1	1,062,232	18,175,692	99.9	11,921	0.1
1997-98	18,548,022	17,629,455	95.0	845,682	18,475,137	99.6	72,885	0.4
1998-99	21,555,076	20,460,956	94.9	851,386	21,312,342	98.9	242,734	1.1
1999-00	23,676,547	22,568,780	95.3	617,749	23,186,529	97.9	490,018	2.1
2000-01	29,239,003	27,830,654	95.2	-	27,830,654	95.2	1,408,349	4.8

Notes:

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

Source:

County Tax Collector tax roll records relating to Jackson County and excluding Trust and Agency Funds

JACKSON COUNTY, OREGON

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxable Ratio (True Cash Value to Assessed)	Real	Mobile Home	Personal	Utilities	Total
1991-92	100.0	\$5,101,020,100	\$ 162,293,760	\$ 187,972,480	\$ 264,600,450	\$5,715,886,790
1992-93	100.0	5,634,083,810	193,290,520	220,921,480	294,599,460	6,342,895,270
1993-94	100.0	6,218,582,460	205,202,450	200,584,060	305,029,260	6,929,398,230
1994-95	100.0	6,904,672,591	224,162,701	224,576,606	325,443,960	7,678,855,858
1995-96	100.0	7,742,419,788	266,849,674	256,459,390	327,262,050	8,592,990,902
1996-97	100.0	8,235,583,319	294,685,500	289,270,310	356,453,040	9,175,992,169
1997-98	84.0	7,367,952,760	264,817,650	314,960,885	360,212,580	8,307,943,875
1998-99	73.0	7,699,227,806	283,365,016	322,692,040	398,775,540	8,704,060,402
1999-00	77.4	8,206,205,765	308,426,509	351,940,906	445,761,470	9,312,334,650
2000-01	70.2	8,772,768,415	332,152,696	386,825,580	445,861,050	9,937,607,741

Note: All property is physically appraised once every six years as required by State Statute.

Source: County Assessor tax roll

JACKSON COUNTY, OREGON

Property Tax Billing Rates - All Direct and Overlapping Governments⁴
 (Per \$1,000 of Assessed Value)
 Last Ten Fiscal Years
 (Unaudited)

Taxing Entity	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Jackson County:										
Historical	0.2097	0.2230	0.2257	0.2240	0.2193	0.2293				
Other	0.9142	0.9102	0.7806	0.7172	1.1107	1.6711	1.9655	2.0018	2.0018	2.2798
Education Service District	0.9696	0.9347	0.9170	0.8974	0.8600	0.8653	0.3458	0.3524	0.3524	0.3524
Vector Control	0.0541	0.0522	0.0513	0.0495	0.0428	0.0425	0.0421	0.0427	0.0427	0.0429
Rogue Valley Transit District	0.2067	0.1999	0.1948	0.1885	0.1762	0.1759	0.1732	0.1772	0.1772	0.1772
Cities:										
Ashland	2.4820	2.4491	2.5995	4.0580	3.7504	3.6586	4.1213	3.9089	4.8139	5.4831
Butte Falls	8.5260	8.7530	8.9079	7.0990	5.0423	6.8473	7.2649	7.2468	7.2466	7.2494
Central Point	5.4734	5.0792	4.9256	5.6188	4.7699	5.6083	5.8408	5.8328	5.8328	5.8328
Eagle Point	3.9735	3.8157	3.6267	3.2923	2.9396	3.3420	3.4040	3.9652	3.7083	3.3011
Gold Hill	2.3871	3.8271	3.4802	4.7430	3.1395	2.9786	2.7288	2.6962	2.6305	2.6754
Jacksonville	2.3978	2.3254	1.9936	2.2878	2.2105	3.3168	3.5567	3.7518	3.5972	3.3953
Medford	4.9172	4.8546	4.7285	4.6404	5.2539	5.2959	5.2295	5.4136	5.4053	5.3990
Phoenix	4.7562	2.6697	2.7388	3.4772	4.5067	4.3555	4.4819	4.4211	6.0761	6.0318
Rogue River	3.3447	3.1045	3.0974	3.4923	3.9680	3.8618	3.8825	3.8146	3.1492	3.7923
Shady Cove	1.0565	0.9394	0.8363	1.6898	1.2808	1.0437	1.2800	1.2404	1.5975	1.6176
Talent	2.2285	1.9633	1.8310	4.0994	3.3012	3.0141	2.9415	3.2316	3.2316	3.2316
Fire Districts:										
Applegate #9	2.1519	2.0449	1.9460	1.8514	1.7942	1.6285	1.6583	1.6625	2.6653	2.6787
Central Point #3	2.9828	3.1205	3.1131	3.1924	2.7536	2.7644	2.7087	3.1182	3.1187	3.1194
Evans Valley #6	1.6005	1.4413	1.5085	1.4150	1.2654	1.3027	1.2775	1.2799	1.2824	1.2905
Medford #2	2.0841	2.1569	2.1488	2.1464	1.9310	2.0965	2.4267	2.4937	2.4938	2.4938
Prospect	1.0560	1.0089	0.9788	0.9939	1.0269	0.9714	0.9893	0.9877	0.9846	0.9902
Rogue River #1	2.1290	1.9373	2.0096	1.9693	2.6503	2.3323	2.3847	2.3493	2.3284	2.3115
Shady Cove-Trail #4	2.2149	3.1417	2.8173	2.5064	2.0862	2.0063	2.0114	2.0115	2.0127	2.0181
Talent #5	3.9601	3.8052	3.4703	3.3711	3.2133	3.2143	3.1948	3.1934	3.1951	3.1976
Colstein RFPD							1.9494	1.9453	1.9454	1.9455
Lake Creek RFPD							1.4106	1.4239	1.4232	1.4740
School Districts:										
Phoenix #4	13.2360	12.1935	10.9915	13.9079	12.6250	11.9729	5.7066	5.5136	5.4122	5.3764
Ashland #5	13.3496	13.1587	13.1147	13.2897	13.1520	13.9316	6.1113	6.0783	6.1057	5.9977
Central Point #6	13.1280	12.6414	12.5933	12.4386	10.7411	10.7615	4.0234	4.4134	4.4134	6.0806
Eagle Point #9	15.4130	15.2988	15.0614	15.2506	13.2153	13.3186	4.7588	4.7170	4.7170	4.7170
Rogue River #35	10.6425	9.2796	9.7583	9.6651	9.3852	9.7846	4.1366	4.0787	4.1532	4.1386
Applegate #40	13.0070	11.2420	10.4059	6.9175	6.2900	6.2181	4.1884	4.2120	4.1576	3.8994
Prospect #59	15.4130	12.3757	12.6474	15.2506	14.9493	14.3960	6.5114	6.1626	6.7751	4.3628
Butte Falls #91	12.6586	12.1778	14.0838	14.2318	19.6959	23.0058	4.5839	4.5749	4.5749	4.5749
Pinehurst #94	11.3191	12.7259	12.9396	12.8352	17.5736	17.6389	4.8290	4.8235	4.8235	4.8235
Medford #549C	14.1845	13.6608	13.0278	12.7036	12.4076	12.5287	5.1285	5.2264	5.2371	5.1769
Sanitary Districts:										
White City	0.1349	0.1307	0.1571	0.1543	0.1021	0.0884				
Rogue Community College							0.5040	0.5128	0.5128	0.5128
White City Enhanced Law Enforcement							1.1443	2.0211	2.0211	2.0211
Urban Renewal:										
County							0.1983	0.2038	0.2538	0.2752
Medford							0.4397	0.4584	0.4211	0.4767
Talent							1.1443	1.0767	0.8119	0.8017

Source: County Assessor's Annual Certified Levy

*Billing rates differ from permanent rates due to timber severance tax offsets and adjustments resulting from urban renewal districts.

JACKSON COUNTY, OREGON

Special Assessment Billings and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Assessments Collected</u> (1)	<u>Ratio of Total Collections to Current Amount Due</u>	<u>Total Outstanding Assessments</u>
1991-92	\$ 2,799	\$ 3,806	136 %	\$ 28,573
1992-93 (2)	2,676	6,641	248	118,814
1993-94	12,478	6,694	54	113,101
1994-95	25,421	24,180	95	112,120
1995-96	12,498	9,732	78	100,013
1996-97	95,401	131,596	138	89,431
1997-98	15,413	84,509	548	169,128
1998-99	16,695	36,855	221	140,687
1999-00	15,042	27,578	183	132,216
2000-01	14,822	12,773	86	126,858

Notes:

- (1) Assessments collected can be greater than the current assessments due because of the retirement of total outstanding balances by some property owners.
- (2) A new special assessment was created in 1992-93 in the amount of \$96,883.

Source: County Clerk's Special Assessment Ledger

JACKSON COUNTY, OREGON

Ratio of Net General Bonded Debt to Assessed Value and
 Net Bonded Debt Per Capita
 Last Ten Fiscal Years
 (Unaudited)

<u>Fiscal Year</u>	<u>Population</u> (1)	<u>Assessed Value (in Thousands)</u> (2)	<u>Gross Bonded Debt</u> (3)	<u>Debt Service Monies Available</u> (3)
1991-92	151,400	\$ 5,715,887	\$ -	\$ -
1992-93	152,900	6,342,895	-	-
1993-94	157,000	6,929,398	-	-
1994-95	160,000	7,678,856	-	-
1995-96	164,400	8,592,991	-	-
1996-97	168,000	9,175,992	-	-
1997-98	169,300	8,307,944	-	-
1998-99	172,800	8,704,060	-	-
1999-00	174,550	8,594,010	-	-
2000-01	182,200	9,937,607	36,260,000	977,802

Sources:

- (1) Southern Oregon Regional Service Institute population records
- (2) County Assessor tax roll property value records
- (3) County financial records maintained by the Finance Department

JACKSON COUNTY, OREGON

Computation of Legal Debt Margin
June 30, 2001
(Unaudited)

True cash value (1)		<u>\$14,162,590,771</u>
Debt limit (2%)		\$ 283,251,815
Less amount of bonded debt applicable to debt limit		<u>36,260,000</u>
Legal debt margin		<u>\$ 246,991,815</u>
Debt limit (1%)		\$ 141,625,908
Less amount of debt applicable to debt limit:		
Total bonded debt	\$ -	
Less assets in Debt Service Funds available for payment of principal	<u>-</u>	
Total amount of debt applicable to debt limit		<u>-</u>
Legal debt margin		<u>\$ 141,625,908</u>

Note:

- (1) The debt limit for general obligation bonds set forth in ORS 287.054(2) provides: "The aggregate amount of bonded indebtedness of counties shall not at any time exceed 2% of the true cash value of all taxable property in the county."
- (2) ORS 287.053 limits "limited tax bond indebtedness" by counties to 1% of the latest Real Market Value of the County.

JACKSON COUNTY, OREGON

Computation of Direct and Overlapping Debt
 June 30, 2001
 (Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u> (1)	<u>Percentage Applicable to Jackson County</u>	<u>Amount Applicable to Jackson County</u>
Overlapping			
Cities:			
Ashland	\$ 5,635,000	100%	\$ 5,635,000
Butte Falls	192,342	100	192,342
Eagle Point	2,274,249	100	2,274,249
Gold Hill	512,029	100	512,029
Jacksonville	3,285,593	100	3,285,593
Medford	4,965,000	100	4,965,000
Phoenix	200,000	100	200,000
Rogue River	885,049	100	885,049
Shady Cove	992,436	100	992,436
Talent	320,000	100	320,000
Fire Districts:			
Rogue River #1	1,250,000	100	1,250,000
School Districts:			
Phoenix #4	22,540,000	100	22,540,000
Ashland #5	14,115,000	100	14,115,000
Central Point #6	29,015,000	100	29,015,000
Eagle Point #9	34,518,000	100	34,518,000
Rogue River #35	5,735,000	100	5,735,000
Three Rivers #40	892,776	4	33,210
Medford #549C	29,310,000	100	29,310,000
Rogue Community College	4,399,711	75	3,294,886

Note:

(1) Net tax supported debt excluding Bancroft Bonds.

Source: Oregon State Treasurer's Office

JACKSON COUNTY, OREGON

Ratio of Annual Debt Service Expenditures for Urban Renewal
Bonded Debt to Total General Expenditures (1)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
1991-92	\$ -	\$ -	\$ -	\$ 52,190,887	-
1992-93	-	-	-	54,210,564	-
1993-94	215,000	129,201	344,201	57,184,921	0.6
1994-95	450,000	268,556	718,556	60,957,612	1.2
1995-96	721,290	375,305	1,096,595	63,572,812	1.7
1996-97	715,000	633,657	1,348,657	72,024,727	1.9
1997-98	1,430,000	671,800	2,101,800	80,946,610	2.6
1998-99	4,883,965	717,027	5,600,992	88,840,676	6.3
1999-00	1,615,000	886,878	2,501,878	89,470,422	2.8
2000-01	2,489,000	1,884,496	4,373,496	100,131,206	4.4

Note:

(1) Includes General, Special Revenue and Debt Service Funds

Source: County financial records maintained by the Finance Department

JACKSON COUNTY, OREGON

Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>June 30 Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	<u>Marriage Licenses</u>	<u>Marriage Dissolutions</u>
	(1)	(2)	(3)	(2)	(4)	(5)
1991-92	151,400	\$ 15,582	25,835	8.5	1,345	1,048
1992-93	152,900	15,953	26,675	8.4	1,279	1,027
1993-94	157,000	17,230	27,266	8.4	1,376	1,181
1994-95	160,000	17,880	26,785	6.6	1,381	1,145
1995-96	164,400	18,892	26,536	6.7	1,379	1,171
1996-97	168,000	19,746	28,522	8.3	1,336	1,215
1997-98	169,300	21,410	28,910	7.0	1,380	1,150
1998-99	172,800	21,933	27,997	6.3	1,425	1,143
1999-00	174,500	23,214	28,274	5.6	1,421	1,359
2000-01	182,200	24,004	29,188	6.1	1,422	1,142

Sources:

- (1) Southern Oregon Regional Service Institute population records
- (2) Oregon State Division of Employment
- (3) Oregon Department of Education
- (4) County Clerk detail records
- (5) State Circuit Court records

JACKSON COUNTY, OREGON

Building Permits and Construction Value
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Residential		Other		Total Construction	
	Number	Value	Number	Value	Number	Value
1991-92	869	\$ 36,854,249	6,061	\$ 18,852,422	6,930	\$ 55,706,671
1992-93	941	42,967,842	6,241	26,144,196	7,182	69,112,038
1993-94	1,013	51,740,044	6,938	32,397,106	7,951	84,137,150
1994-95	935	43,105,354	6,831	28,193,844	7,766	71,299,198
1995-96	848	45,974,364	6,403	34,068,487	7,251	80,042,851
1996-97	721	41,811,480	6,648	37,324,076	7,369	79,135,556
1997-98	832	43,793,703	6,619	32,209,274	7,451	76,002,977
1998-99	889	47,548,806	6,673	58,863,060	7,562	106,411,866
1999-00	1,104	54,633,554	7,331	41,103,613	8,435	95,737,167
2000-01	890	62,165,147	6,907	36,680,049	7,797	98,845,196

Notes:

- (1) The aggregate amount of bank deposits for all County financial institutions is not available and, thus, has not been included in this table.
- (2) The above schedule does not include permits issued by incorporated cities within the County.

Source: County Planning Department records

JACKSON COUNTY, OREGON

Principal Taxpayers
June 30, 2001
(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	2000-01 Assessed Valuation	Percentage of Total Assessed Valuation
Pacificorp	Utility (1)	\$ 174,253,600	1.75
Eastman Kodak Company	Film, xray production	72,432,780	0.73
Qwest Communications, Inc.	Utility (1)	73,237,370	0.74
Rogue Valley Manor	Residence and nursing care	43,677,440	0.44
Fund A Rogue Valley, Inc.	Shopping Mall	39,060,790	0.39
Avista Corporation	Utility (1)	44,903,590	0.45
Boise Cascade Corporation	Wood Products	48,464,220	0.49
Bear Creek Operations Incorporated	Retail/Agriculture/Mail order	47,767,300	0.48
BOC Group Incorporated	Manufacturing/High tech.	27,689,120	0.28
Haagen Alexander Properties	Real estate development, leasing	22,075,700	0.22
		<u>\$ 593,561,910</u>	5.97

Note:

(1) Utility values are established by the State of Oregon.

Source: County Assessor property tax roll records for the 2000-01 tax roll

JACKSON COUNTY, OREGON

Insurance in Force
June 30, 2001
(Unaudited)

Type	Insured	Coverage	Policy Number	Company	Expiration Date
Property coverage	Jackson County buildings and personal property	\$98,375,872 limit on blanket building & business Personal property special causes of loss replacement cost \$25,000 deductible applies \$1,000,000 business income & extra expense \$5,000,000 valuable papers \$10,000,000 on earthquake/\$50,000 deductible \$10,000,000 on flood	AP100552	Northland Casualty Company	07-01-01
Airport liability	Jackson County	\$50,000,000 each occurrence \$50,000,000 annual aggregate \$200,000 hangarkeeper's liability each aircraft/\$1,000,000 each occurrence	APL679803	Westchester Fire Insurance Co.	07-01-01
Non-Owned Aircraft Liability	Jackson County Sheriff's Office	\$1,000,000 Bodily Injury & Property Damage	SOO387356	Indemnity Insurance Company of North America	06-21-02
Public Entity Liability	Jackson County	\$2,000,000 each occurrence & aggregate \$250,000 self-insured retention each occurrence Includes: Oregon tort claims Violation of civil rights Employment related practices (Subject to \$250,000 limit) Incidental malpractice Personal injury Negligent acts, errors or omissions Health care providers malpractice	AP100635	Northland Casualty Company	04-04-02
Automobile	Jackson County	\$2,000,000 bodily injury and property damage \$1,000,000 bodily injury and uninsured motorist	AP100635	Northland Casualty Company	04-04-02
Umbrella Liability	Jackson County	\$3,000,000 each occurrence \$3,000,000 general aggregate	AL100154	Northland Casualty Company	04-04-02
Excess Workers' Compensation	Jackson County	Statutory Limit – Workers Compensation \$1,000,000 employers liability limit \$500,000 self-insured retention –per occurrence	SP 3730 OR	Safety National Casualty Company	07-01-01
Electronic Data	Jackson County	\$1,151,300 on computer equipment replacement cost \$10,000 deductible \$50,000 on business income	IM08700178	St. Paul Fire & Marine Ins. Co.	09-17-01

Table 14
(Continued)

Boiler and Machinery	Jackson County	\$5,000,000 - property damage \$5,000 deductible	78360238	Northwestern Pacific Indemnity Company	02-01-02
Public Entity Liability Including Automobiles	JACNET	\$1,000,000 each occurrence \$5,000,000 general aggregate \$1,000,000 on automobiles including non-owned and hired \$1,000,000 errors and omissions liability including employment practices Includes public officials errors and omissions and Oregon tort claims act statutes	AP100786	Northland Casualty Company	08-01-01
Umbrella Liability	JACNET	\$2,000,000 each occurrence \$2,000,000 general aggregate	AL100186	Northland Casualty Company	08-01-01

JACKSON COUNTY, OREGON

Miscellaneous Statistics
 June 30, 2001
 (Unaudited)

Date of incorporation	January 12, 1852
Date Home Rule Charter adopted	February 1979
Form of government	Board of Commissioners (3 members)
Area (1)	2,801 square miles
County Seat	City of Medford
Elevation at County Seat	1,382 feet
Annual temperature (1)	January - 37.6; July - 72.5
Sales tax	None
Miles of roads (County maintained) (2):	
Surfaced	751
Gravel	167
Unimproved	<u>37</u>
Total roads	<u>955</u>
Concrete, steel and timber bridges	325
Registered vehicles (3):	
Passenger	164,165
Buses, trucks and farm vehicles	2,298
Trailers	13,206
Motorcycles	4,654
Recreational vehicles	15,754
Principal industries (1)	Medical, retail, tourism, agriculture, manufacturing and forest products
Public Education (4):	
Elementary schools	38
Junior/mid-high schools	9
High schools	9
Total County population	182,200
Incorporated cities and towns, and related population, elevation and incorporation date (6):	
Medford	63,720 population; 1,382 feet; 1885
Ashland	19,610 population; 1,895 feet; 1874
Central Point	12,665 population; 1,272 feet; 1889
Eagle Point	4,850 population; 1,304 feet; 1911
Talent	5,670 population; 1,635 feet; 1911
Phoenix	4,085 population; 1,520 feet; 1911
Jacksonville	2,245 population; 1,569 feet; 1860
Rogue River	1,850 population; 1,001 feet; 1911
Shady Cove	2,340 population; 1,349 feet; 1972
Gold Hill	1,075 population; 1,085 feet; 1895
Butte Falls	445 population; 2,535 feet; 1911

(Continues)

Table 15
(Continued)

Points of interest (1)	Mount Ashland Ski Resort, Historic Jacksonville, Shakespearean Festival, Peter Britt Music Festival, Southern Oregon University, Pear Orchards, Howard Prairie Lake, Emigrant Lake, Hyatt Lake, Fish Lake, Rogue River, Lithia Park, Crater Lake Highway, William L. Jess Dam, Butte Creek Mill
Media (1):	
Newspaper	Mail Tribune, Ashland Daily Tidings, Upper-Rogue Independent, Jacksonville Review, Central Point Times, Rogue River Press, Senior Views, The American's Bulletin
Television	KTVL, KOBI, KDRV, KMVU, KSYS public television
Radio	KAKT, KAPL, KBOY, KCHC, KCMX, KEPO, KKJJ, KLVB, KMED, KTMT, KDOV, KROG, KSMF, KRTA, KZZE, KSRG, KRWQ, KLDZ, KSJK, KCNA, KOOL, KRTA, KSOR public radio
Registered voters (7):	
Democrat	36,661
Republican	44,567
Nonaffiliated	24,196
Other	<u>3,213</u>
Total voters	<u>108,637</u>
November 7, 2000 General Election total registered voters 110,483	85,586 or 77.5% of registered voters
March 13, 2001 Special Election total registered voters 109,164	23,133 or 21.19% of registered voters
May 15, 2001 Special Election (limited) total registered voters 721	206 or 28.6% of registered voters
Employees (5):	
Elected officials	9
Department heads	10
Sworn	108
Other full-time	738
Part-time	<u>165</u>
Total employees	<u>1,030</u>

Sources:

- (1) Oregon Blue Book 2001-2002
- (2) County Public Works road maintenance records
- (3) State Department of Motor Vehicles
- (4) Educational Service District
- (5) County payroll records
- (6) Southern Oregon Regional Service Institute
- (7) Jackson County Clerk's Office

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), and the county's continuing disclosure certificates for its bond issues, the following information is provided.

Jackson County is required to file material events notices to nationally recognized municipal securities information repositories. Management believes there are no material events requiring filing as of the date of this report.

FINANCIAL INFORMATION

Basis of Accounting and Awards

Modified accrual accounting is utilized for all governmental fund types and agency funds. All other funds utilize the accrual basis of accounting. The County's accounting practices conform to generally accepted accounting principals (GAAP), and with the standards of financial reporting developed by the Government Finance Officers Association of the United States and Canada and the Government Accounting Standards Board. The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to Jackson County for the fiscal years ending 1983 through 2000. In addition, the GFOA has awarded Jackson County its Distinguished Budget Presentation Award for fiscal years ending 1984 through 2000.

Fiscal Year

July 1 through June 30.

Audits

In accordance with the Oregon Municipal Audit Law (ORS 297.405 - 297.555 and 297.990) an audit is conducted at the end of each Fiscal Year by independent certified public accountants. This requirement has been complied with and the financial statements have received an "unqualified opinion" from the auditors. Such an opinion indicates there was no limitation on the scope of the auditor's examination and the financial statements were prepared in accordance with generally accepted accounting principles.

The County's audit for Fiscal Year 2000-01 was performed by Kenneth Kuhns & Co., CPAs, 570 Liberty St. SE, Salem, Oregon 97301-3594.

General Fund Financial Information

DISCLOSURE TABLE 1 -- Five-Year General Fund Statement of Revenues and Expenditures

	1996-97	1997-98	1998-99	1999-00	2000-01
Revenues					
Intergovernmental revenue	\$17,445,272	\$18,712,545	\$20,355,469	\$19,682,903	\$20,183,525
Charges for services	4,959,675	5,473,229	4,632,284	4,533,606	5,271,526
Licenses and permits	109,390	137,179	173,884	145,591	124,995
Fines and Forfeitures	178,176	209,232	229,142	379,211	301,879
Taxes ¹	5,252,443	4,708,498	17,019,603	17,876,103	18,794,999
Interest income	1,067,171	1,245,571	1,464,433	1,426,935	1,872,479
Miscellaneous	225,391	188,715	294,120	148,593	186,700
Total revenues	<u>\$29,237,518</u>	<u>\$30,674,969</u>	<u>\$44,168,935</u>	<u>\$44,192,942</u>	<u>\$46,736,103</u>
Expenditures					
Current					
Planning and Development	2,076,334	2,500,626	2,985,705	3,229,085	3,349,741
County Administration	1,010,569	1,551,213	2,797,771	3,990,866	3,998,883
Parks and Libraries ²	-	-	5,922,038	6,200,054	5,731,699
Elections and Records	2,920,681	2,961,138	3,401,895	3,893,822	3,613,636
Public Safety	17,378,185	20,411,422	23,329,856	24,973,486	27,469,925
Total expenditures	<u>23,385,769</u>	<u>27,424,399</u>	<u>38,437,265</u>	<u>42,287,313</u>	<u>44,163,884</u>
Excess of revenues over (under) expenditures	<u>5,851,749</u>	<u>3,250,570</u>	<u>5,731,670</u>	<u>1,905,629</u>	<u>2,572,219</u>
Other financing sources (uses)					
Operating transfers in	8,802	13,956	15,447	15,522	14,890
Operating transfers (out)	(1,186,208)	(1,437,284)	(3,861,207)	(3,412,624)	(3,106,777)
Total other financing Sources (uses)	<u>(1,177,406)</u>	<u>(1,423,328)</u>	<u>(3,845,760)</u>	<u>(3,397,102)</u>	<u>(3,091,887)</u>
Excess of revenues and Other sources over (under) expenditures and other uses	<u>4,674,343</u>	<u>1,827,242</u>	<u>1,885,910</u>	<u>(1,491,473)</u>	<u>(519,668)</u>
Fund Balance Beginning July 1	8,544,141	13,218,484	15,086,322	20,611,608	21,182,591
GASB 31 adj to fund bal	-	40,596	-	-	-
Residual Equity Transfer ³	-	-	3,639,376	2,062,456	391
Fund Balance Ending June 30	<u>\$13,218,484</u>	<u>\$15,086,322</u>	<u>\$20,611,608</u>	<u>\$21,182,591</u>	<u>\$20,663,314</u>

1. The increase in Taxes in 1998-99 is primarily due to the combining of property taxes associated with the Southern Oregon Historical Society into the County's permanent rate.
2. In 1996-97, Courier Service, part of the Library System, was transferred to an Internal Service Fund. In 1998-99, the Library System was moved from a Special Revenue Fund to the General Fund.
3. The 1998-99 equity transfer represents the residual equity from the former Library special revenue fund. Library expenditures and revenues are now a part of the general fund. The 1999-00 equity transfer represents residual general operating levy property taxes which were accumulated, per Oregon Budget Law, in a special revenue fund which has subsequently been closed.

Source: 1996-97 through 2000-01 derived from audited annual financial statements

DISCLOSURE TABLE 2 -- Five-Year General Fund Consecutive Balance Sheets

	1996-97	1997-98	1998-99	1999-00	2000-01
Assets and Other Debits					
Cash and Investments	\$18,518,524	\$20,296,029	\$22,841,163	\$24,932,022	\$23,840,144
Receivables:					
Property Taxes	500,140	496,998	1,478,868	1,478,207	1,589,669
Accounts	611,458	782,395	979,284	1,126,072	1,043,506
Accrued Interest ¹	266,780	221,127	438,204	-	-
Deposits and prepaid items	56,133	119,207	24,042	15,459	16,670
Due from other funds	97,231	104,711	479,000	249,724	260,975
Total assets and other debits	\$20,050,266	\$22,020,467	\$26,240,561	\$27,801,484	\$26,750,964
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts payable ²	\$260,832	\$1,290,826	\$462,566	\$457,968	\$560,344
Warrants payable	87,416	337,972	815,375	409,704	428,375
Accrued payroll, withholdings and benefits ³	5,297,464	2,403,550	2,160,185	3,393,918	2,354,320
Due to other fund	158,996	186,544	337,038	399,584	359,637
Compensated absences	526,130	537,858	680,679	765,365	811,465
Deferred revenue ⁴	461,748	1,102,751	1,135,494	1,155,048	1,433,764
Retainages and other liabilities ⁵	39,195	1,074,644	37,616	37,306	139,745
Total liabilities	6,831,781	6,934,145	5,628,953	6,618,893	6,087,650
Fund Equity and other credits:					
Reserved	677,008	465,554	802,885	715,615	642,779
Unreserved:					
Undesignated	12,541,477	14,620,768	19,808,723	20,466,976	20,020,535
Total equity and other credits	13,218,485	15,086,322	20,611,608	21,182,591	20,663,314
Total liabilities, equity & other credits	\$20,050,266	\$22,020,467	\$26,240,561	\$27,801,484	\$26,750,964

1. Short-term accrued interest is reflected as part of Cash and Investments beginning 1999-00.
2. Accounts payable consists of outstanding checks and accounts payable as of June 30. Components for 1997-98 consisted of various withholdings and payment for a telephone system upgrade.
3. Beginning in 1999-00, Pension Obligation was reported as an individual liability line item in the county's CAFR. It has been combined with Accrued payroll, withholdings and benefits (above) for consistent presentation.
4. Deferred revenue in 1997-98 included a criminal justice grant.
5. Retainages and other liabilities in 1997-98 included a \$1,022,608 current liability to Standard Insurance Company for retirement plan #2.

Source: 1996-97 through 2000-01 derived from audited annual financial statements.

Accrued Vacation

County employees may accrue vacation time and receive reimbursement upon termination of employment. As of June 30, 2001, the total accrued vacation liability and related payroll expenses in the General Fund and Other Funds was \$3,022,100; \$2,067,938, or 68.4% of the accrued vacation liability is funded.

Deposits and Investments

ORS 294 authorizes the County to invest in Bonds of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, commercial paper, repurchase agreements, State of Oregon Local Government Investment Pool and various interest-bearing bonds of Oregon municipalities. The County's investment policy prohibits the County from leveraging or borrowing funds to make investments.

The County's Investment Policy specifies the County's investment objectives, required diversification, certain limitations and reporting requirements. The County held the following cash deposits and investments at June 30, 2001.

DISCLOSURE TABLE 3 -- Cash Deposits and Investments

	Market Value	Cost
U.S. Government agency securities	\$33,562,072	\$33,336,443
Local Government Investment Pool	50,883,339	50,883,339
Certificates of Deposit	18,973,298	18,973,298
Commercial Paper	-	-
Bankers Acceptances	-	-
Overnight Repo	1,466,709	1,466,709
Cash deposits	647,306	647,306
Total cash and investments	\$105,532,724	\$105,307,095

Source: Jackson County Finance Department

DEBT INFORMATION

DISCLOSURE TABLE 4 -- Debt Ratios¹

	Values	Per Capita	Percent of RMV
2001 estimated population	182,200	--	--
2000-01 Real Market Value (RMV)	\$14,162,590,771	\$77,731.02	--
Gross Direct Debt ²	36,260,000	199.01	0.256%
Net Direct Debt ³	36,260,000	199.01	0.256%
Net Overlapping Debt	161,037,185	883.85	1.137%
Net Direct Debt and Net Overlapping Debt	196,350,932	1,077.67	1.386%

1. Outstanding and overlapping debt information are calculated as of June 30, 2001. The overlapping debt calculation was performed by the Municipal Debt Advisory Commission of the State of Oregon Treasurer's Office. The County also administers an urban renewal agency; the agency has outstanding tax increment debt which is not an obligation of the County.
2. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other bonds, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.
3. Net Direct Debt is Gross Direct Debt less bonds or leases paid from non-tax sources.

Source: Jackson County, Oregon State Treasury

Debt Limitations

Limitations Applicable to the Bonds

General Obligation Bonds (voter approved)

ORS 287.054 limits indebtedness for general obligation bonds by counties to two percent of the latest Real Market Value of the County, subject to voter authorization.

2000-01 RMV	\$14,162,590,771
Debt limitation (2.00 % of RMV)	283,251,815
Applicable bonded debt	36,260,000
Debt margin	246,991,815
% of limit outstanding	12.80%

Limitations of Indebtedness, but NOT Applicable to the Bonds

ORS 287.053 limits "limited tax bonded indebtedness" by counties to one percent of the latest Real Market Value of the County.

2000-01 RMV	\$14,162,590,771
Debt limitation (1.00 % of RMV)	141,625,908
Applicable bonded debt	0
Debt margin	141,625,908
Percent of limit issued	0%

Debt Management

The County has never defaulted on any debt or lease obligation.

Debt Authorization and Future Financing Plans

On May 16, 2000, voters in Jackson County authorized the sale of \$38,940,000 in General Obligation Bonds to fund a variety of library-related projects. Currently, \$18,575,000 of General Obligation Library Bonds are authorized but unissued. The County intends to sell the remaining authorization in one or more issues over the next three years to complete funding of the library projects.

DISCLOSURE TABLE 5 -- Outstanding Bonds ¹

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding: As of 06/30/01
General Obligation Bonds (voted)				
Series 2000 Library Bonds	8/1/00	6/1/20	\$20,365,000	\$19,760,000
Series 2001 Juvenile Services Center Bonds	6/1/01	6/1/11	16,500,000	16,500,000
Total Voted GO Bonds			\$36,865,000	\$36,260,000
Certificates of Participation (subject to annual appropriation)				
Total COPs				0
Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)				
Total FF&C				0
Leases and Contracts				
Total Contracts				0
Total Net Direct Debt²			\$36,865,000	\$36,260,000
Limited Tax Bonds Paid from Non-Tax Sources				
Total Limited Tax Bonds				0
Total Gross Direct Debt³			\$36,865,000	\$36,260,000
Short Term Debt				0

1. The County also administers an urban renewal agency; the agency has outstanding tax increment debt which is not an obligation of the County.
2. Net Direct Debt is all Gross Direct Debt directly paid from tax sources.
3. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.

Source: Jackson County Finance Department

The following table presents the outstanding debt service and the debt service on the Bonds.

DISCLOSURE TABLE 6 -- Debt Service Payment Obligations

Fiscal Year	Series 2000		Series 2001		Total	Assessed Value ²	Tax Rate ²
	Principal	Interest	Principal	Interest			
2001 ¹						\$9,497,826,006	
2002	\$635,000	1,009,462	\$1,370,000	\$726,900	\$3,741,362	9,877,739,046	\$0.3788
2003	665,000	977,713	1,420,000	670,388	3,733,101	10,272,848,608	0.3634
2004	695,000	944,462	1,475,000	611,813	3,726,275	10,581,034,066	0.3522
2005	730,000	909,713	1,535,000	550,968	3,725,681	10,898,465,088	0.3419
2006	770,000	873,212	1,595,000	481,894	3,720,106		
2007	805,000	834,713	1,665,000	416,100	3,720,813		
2008	850,000	794,462	1,740,000	345,337	3,729,799		
2009	890,000	751,963	1,815,000	271,388	3,728,351		
2010	940,000	707,462	1,900,000	194,250	3,741,712		
2011	990,000	660,463	1,985,000	99,250	3,734,713		
2012	1,040,000	610,962	-	-	1,650,962		
2013	1,095,000	558,963	-	-	1,653,963		
2014	1,160,000	504,212	-	-	1,664,212		
2015	1,225,000	444,763	-	-	1,669,763		
2016	1,295,000	381,675	-	-	1,676,675		
2017	1,365,000	313,687	-	-	1,678,687		
2018	1,450,000	242,025	-	-	1,692,025		
2019	1,535,000	165,900	-	-	1,700,900		
2020	1,625,000	85,313	-	-	1,710,313		
	\$19,760,000	\$11,771,125	\$16,500,000	\$4,368,288	\$52,399,413		

1. 2001 principal and interest payments were made prior to June 30, 2001.
2. For Fiscal Year 2001, the tax rate was calculated by the Jackson County Department of Assessment. The projected tax rates for fiscal years 2002 through 2006 are estimates and have not been reviewed by the Department of Assessment. The AV is the assessed valuation used to calculate the tax rate, not reflecting the growth in the urban renewal areas. The Total Assessed Value of all taxable property within Jackson County including urban renewal is \$9,937,607,741.

Source: Jackson County

Tax Information

Property tax administration is governed by the Oregon Constitution, the State's taxation laws, and regulations of the State Department of Revenue, and includes the process of assessment, equalization, levy and collection of taxes. A tax limitation measure ("Ballot Measure 50") that affected property tax collections was approved by the voters in May, 1997. The implementing legislation changed the property tax administration system substantially, including changes to levy rates, assessments and equalization.

DISCLOSURE TABLE 7 -- Tax Collection Record

Fiscal Year	Assessed Valuation ¹	Percent Change	Total Levy	Percent Change	Tax Rate/ \$1000 ²	Percent Collected Yr. of Levy	Percent Collected As of 6/30/01
1990-91	\$4,886,148,200	N/A	\$4,187,256	N/A	\$0.8503	92.2%	100.0%
1991-92	5,698,569,880	16.6%	6,452,830	54.1%	1.1239	92.7	100.0
1992-93	6,277,179,800	10.2%	6,696,288	3.8%	1.0554	93.8	100.0
1993-94	6,841,925,000	9.0%	6,952,374	3.8%	1.0063	94.5	100.0
1994-95	7,525,439,705	10.0%	7,181,446	3.3%	0.9395	94.6	100.0
1995-96	8,370,505,952	11.2%	11,338,881	57.9%	1.3300	94.6	100.0
1996-97	8,935,191,999	6.8%	17,262,797	52.2%	1.9004	94.1	99.9
1997-98	8,039,161,498	-10.0%	16,166,002	-6.4%	1.9655	95.0	99.6
1998-99	8,414,524,352	4.7%	17,300,470	7.0%	2.0018	94.9	98.9
1999-00	8,954,010,340	6.4%	18,184,391	5.1%	1.9996	95.3	97.9
2000-01	9,497,826,006	5.7%	19,089,538	4.7%	2.0099	N/A	95.2

1. The Assessed Value for 1997-98 and thereafter is not comparable to prior years because in previous years properties were assessed at Real Market Value. From 1997-98 on the Assessed Value is not the Real Market Value but a generally lower Assessed Value for tax purposes. The Real Market Value for 2000-01 is \$14,162,590,771. Currently Assessed Value is limited to a 3% maximum annual increase plus new growth before tax rates are applied because of Measure 50. See "Property Tax Limitation" herein. The AV is the assessed valuation used to calculate the tax rate, not reflecting the growth in the urban renewal areas. The Total Assessed Value of all taxable property within Jackson County including urban renewal is \$9,937,607,741.
2. The tax rates per \$1000 assessed value differs slightly from the Permanent Rate due to offsets which the Assessor's office factors into its calculations.

Source: Jackson County Assessor and prior year financial statements

DISCLOSURE TABLE 8 -- Principal Taxpayers in Jackson County 2000-01

Taxpayer Account	Type of Business	2000-01 Taxes Imposed	2000-01 Assessed Valuation	Percentage of Total Assessed Valuation¹
Pacificcorp	Utility	\$2,029,182	\$174,253,600	1.83%
Eastman Kodak Company	Imaging Media	1,087,038	72,432,780	0.76
US West Communications, Inc.	Utility	887,916	73,237,370	0.77
Rogue Valley Manor	Retirement Homes	640,025	43,677,440	0.46
Fund A Rogue Valley, Inc	Shopping Mall	546,282	39,060,790	0.41
Avista Corp	Utility	540,361	44,903,590	0.47
Boise Cascade Corp	Wood Products	491,681	48,464,220	0.51
Bear Creek Operations	Retail/Agriculture/Mail order	427,205	47,767,300	0.50
Haagen Alexander Properties	Shopping Mall	298,940	22,075,700	0.23
BOC Group, Inc	Manufacturing/High tech	258,894	27,689,120	0.29
United Airlines Inc	Transportation	257,115	19,458,890	0.20
Sierrapine	Manufacturing	256,588	23,718,540	0.25
Biomass One LTD Partnership	Recycling/Energy Prod.	250,233	20,263,100	0.21
AT&T Communications, Inc	Utility	231,171	17,153,760	0.18
Praegitzer Industries, Inc	Manufacturing/High tech	218,060	23,621,350	0.25
Windmill Inns/America Inc	Hotel	187,182	13,208,720	0.14
Financial Pacific	Property Management	185,760	12,317,740	0.13
Sabroso Company	Agriculture	181,905	14,006,700	0.15
Mail Tribune	Newspaper	179,520	12,174,490	0.13
United Telephone Northwest	Utility	176,593	16,243,830	0.17
Totals		\$9,331,651	\$765,729,030	8.06%

1. The 2000-01 Assessed Valuation is \$9,497,826,000 for Jackson County; the Real Market Valuation is \$14,162,590,771.

Source: Jackson County Assessor
