

W12b

MEMORANDUM

AGENDA DATE: January 29, 2003

TO: LANE COUNTY BOARD OF COMMISSIONERS

DEPARTMENT: LANE COUNTY ADMINISTRATION AND
MANAGEMENT SERVICES

PRESENTED BY: David Suchart, Management Services Director
David Garnick, Sr. Management Analyst

AGENDA ITEM TITLE: IN THE MATTER OF ACKNOWLEDGING RECEIPT OF THE
LANE COUNTY ANNUAL FINANCIAL REPORT FOR THE YEAR
ENDED JUNE 30, 2002, AND SETTING FORTH THE
CORRECTIVE MEASURES FOR DEFICIENCIES CONTAINED
THEREIN

I. MOTION

I MOVE APPROVAL OF ORDER 03-01-29- IN THE MATTER OF ACKNOWLEDGING RECEIPT OF THE LANE COUNTY ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2002, AND SETTING FORTH THE CORRECTIVE MEASURES FOR DEFICIENCIES CONTAINED THEREIN

II. ISSUE OR PROBLEM

The Notes to the Financial Statements for the year ended June 30, 2002, disclose four instances where Lane County expenditures exceeded legal appropriations as authorized by the Board of County Commissioners and two instances where an increase in excess of ten percent (10%) of the amount approved by the budget committee were adopted by the Board without the required republication and public hearing. These constitute violations of Oregon Local Budget Law as found in Oregon Revised Statutes sections 294.305 through 294.520.

ORS 297.466(2) requires that upon receipt of the audit report, the Board shall determine the measures it considers necessary to correct any deficiencies disclosed in the report and shall adopt a resolution setting forth the corrective measures proposed and the period of time estimated to complete them. It further requires that a copy of such resolution be filed with the Secretary of State within 30 days after the County files a copy of its audit report.

III. DISCUSSION

A. Analysis

The five individual violations of Oregon Local Budget Law identified by the external auditors, Jones & Roth, P.C., can be categorized into three general areas. These areas are discussed below, along with the respective remedies recommended by staff.

1. Expenditures greater than Board-adopted appropriations.

There were three departments whose total expenditures exceeded their fund appropriations: Land Management Division of Public Works within the General Fund, Lane Workforce Partnership within the Employment Training Fund, and the Animal Regulation Authority Division of Management Services within the Animal Regulation Authority Fund. In each case, the department had received additional revenues and had increased their actual spending accordingly. However, none requested an adjustment to their budget appropriations in order to recognize the additional revenue and to increase their expenditure authority.

Recommended remedies: Reinstate quarterly budget-monitoring report to the Finance and Audit Committee. Provide training for department accounting staff in interpretation of Local Budget Law requirements, including the use of financial monitoring tools to ensure compliance with those laws.

2. Use of reserves without Board approval.

The Corrections Commissary Fund maintains a reserve account. Board approval is required to move funds from this account into the operating budget for expenditure. During FY01-02, reserve funds were spent for operations without the required Board approval.

Recommended remedy: Provide training for department accounting staff regarding requirements of Oregon Local Budget Law and the use of financial monitoring tools to ensure compliance with those laws.

3. Public hearing and publication requirements were not met for increases in appropriations.

When the Board of Commissioners adopted the FY02-03 budget, it approved increases to appropriations in the Animal Regulation Authority Fund and the Animal Regulation Improvement Fund, where those increases exceeded 10% of the amount recommended by the budget committee. A second publication of the budget, plus a legal notice and public hearing regarding that increase, was required by Oregon Local Budget Law but did not occur.

Recommended remedy: The Budget and Planning staff of the County Administrator's office have corrected the technical adjustment form used during budget adoption to highlight by fund those changes greater than 10% in order to trigger the additional publication and notice requirements.

B. Alternatives/Options

There are no alternatives offered. The Board is required by State law to submit an Order to the Secretary of State by January 30, 2003, setting forth the corrective measures to be taken to avoid audit deficiencies of this type in the future.

C. Implementation/Follow Up

Budget and Planning, along with Financial Services staff, will return to the Finance and Audit Committee no later than April 2003 with budget compliance monitoring reports and a status update on budget-monitoring training efforts with department accounting staff.

D. Recommendations

Staff recommends adoption of the Order as presented.

IV. ATTACHMENTS

Attachment A – Board Order 03-01-29-

Attachment B – Lane County Annual Financial Report for year ended June 30, 2002

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER 03-01-29-) IN THE MATTER OF ACKNOWLEDGING
) RECEIPT OF THE LANE COUNTY ANNUAL
) FINANCIAL REPORT FOR THE YEAR ENDED
) JUNE 30, 2002, AND SETTING FORTH THE
) CORRECTIVE MEASURES FOR DEFICIENCIES
) DISCLOSED THEREIN

WHEREAS, ORS 297.465(2) requires that a copy of the audit report be furnished to each person who was a member of the governing body at the end of the calendar or fiscal year and to each member of the current governing body; and

WHEREAS, ORS 297.466(2) requires that upon receipt of an audit report under ORS 297.465 the governing body of a county shall determine the measures it considers necessary to correct any deficiencies disclosed in the report and shall adopt a resolution setting forth the corrective measures it proposes and the period of time estimated to complete them; and

WHEREAS, ORS 297.466(3) requires that within 30 days after a county files a copy of its audit report with the Secretary of State under ORS 297.465 a copy of the resolution prepared under the preceding section shall also be filed; and

WHEREAS, the Notes to the Financial Statements for the year ending June 30, 2002, disclosed four (4) instances where Lane County expenditures exceeded legal appropriations as authorized by the Board of County Commissioners and two (2) instances where an increase in excess of ten percent (10%) of the amount approved by the budget committee were adopted by the Board without the required republication and public hearing;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Board of Commissioners acknowledges receipt of the annual financial report for the year ended June 30, 2002; and it is

FURTHER ORDERED that the Budget and Planning Office and the Financial Services Division work together with County departments to develop appropriate monitoring tools and procedures to ensure a) that over-expenditures of legal budget appropriations are detected in advance and prevented, and b) that publication and public hearing requirements are fulfilled as required for increases in appropriations; and it is

FURTHER ORDERED that such monitoring tools and procedures be developed and implemented no later than March 31, 2003.

ADOPTED by the Lane County Board of Commissioners this ____ day of January 2003.

Peter Sorenson
Chair, Board of Commissioners

Lane County, Oregon

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended
June 30, 2002



Lane County, Oregon

Annual Financial Report

For the Year Ended June 30, 2002

Prepared by: Department of Management Services

CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Listing of Principal Officials	i
Organizational Chart	ii, iii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) – Budget and Actual – General Fund	24-26
Statement of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) – Budget and Actual – Road Fund	27
Statement of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) – Budget and Actual – Health and Human Services Fund	28
Statement of Net Assets – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31-34
Statement of Fiduciary Net Assets	35
Notes to the Financial Statements	36-67

	<u>Page(s)</u>
Required Supplementary Information:	
OPERS Schedule of Funding Progress	68
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	69-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	73-76
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets – Nonmajor Enterprise Funds	77
Combining Statement of Revenues, Expenses and Changes in Net Assets – Nonmajor Enterprise Funds	78
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	79
Internal Service Funds:	
Combining Statement of Net Assets – Internal Service Funds	80-81
Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds	82-83
Combining Statement of Cash Flows – Internal Service Funds	84-87
Schedules of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) – Budget and Actual:	
Parks and Open Spaces Fund	88
Law Library Fund	89
Special Revenue/Service Fund	90
Liquor Law Enforcement Fund	91
Public Land Corner Preservation Fund	92
County Schools Fund	93
County Clerk Records Fund	94
Employment Training Fund	95
Title III Fund	96
Wastewater Administration and Construction Fund	97
Animal Regulation Authority Fund	98
Intergovernmental Human Services Fund	99
Fair Board Bond Retirement	100
Capital Projects Bond Retirement Fund	101
Corrections Bond Retirement Fund	102
Wastewater Bond Retirement Fund	103
Corrections Construction Fund	104
Capital Improvements Fund	105
Animal Regulation Capital Improvement Fund	106
Juvenile Justice Construction Fund	107
Fair Board Fund	108
Fairground Construction Fund	109

	<u>Page(s)</u>
Combining and Individual Fund Statements and Schedules, continued:	
Schedules of Revenues, Expenditures and Changes in	
Fund Balances (Budgetary Basis) – Budget and Actual, continued:	
Solid Waste Disposal – Operating Fund	110
Corrections Commissary Fund	111
Enterprise Bond Retirement Fund	112
Information Systems Fund	113
Self-Insurance Fund	114
Employee Benefits Fund	115
Motor Pool Fund	116
Intergovernmental Services Fund	117
PC Replacement Fund	118
Schedule of Cash Receipts and Turnovers:	
Assessor's Office	119
Justice of the Peace:	
Florence, Oregon	120
Oakridge, Oregon	121
Central Lane County	122
County Commissioners	123
Sheriff – Civil and Criminal	124
District Attorney	125
Schedule of Property Tax Transactions	126
Schedule of Property Taxes Receivable by Levy Year by Fund	127
Schedule of Property Tax Collections by Levy Year by Fund	128
Audit Comments and Disclosures Required by State Regulations	129-130
Government Auditing Standards and OMB Circular A-133 Reports:	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	131-132
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	133-134
Schedule of Expenditures of Federal Awards	135-137
Notes to Schedule of Expenditures of Federal Awards	138
Schedule of Findings and Questioned Costs	139-141
Summary Schedule of Prior Audit Findings	142
Supplementary Annual Bond Disclosures (Unaudited)	143-150

Listing of Principal Officials
as of June 30, 2002

Board of County Commissioners

125 East 8th Avenue
Eugene, Oregon 97401
Telephone: (541) 687-4203

<u>Name</u>	<u>District</u>	<u>Term Expiration Date</u>
Bill Dwyer, Chair 5558 Thurston Road Springfield, OR 97478	Springfield	January 7, 2003
Cynthia Weeldreyer, Vice-Chair 60 Bennett Creek Drive Cottage Grove, OR 97424	East Lane	January 7, 2003
Bobby Green 1754 W. Danebo Eugene, OR 97402	North Eugene	January 2, 2005
Anna Morrison 2212 42nd Florence, OR 97439	West Lane	January 7, 2003
Peter Sorenson P.O. Box 10836 Eugene, OR 97440	South Eugene	January 2, 2005

County Administrator

William A. Van Vactor

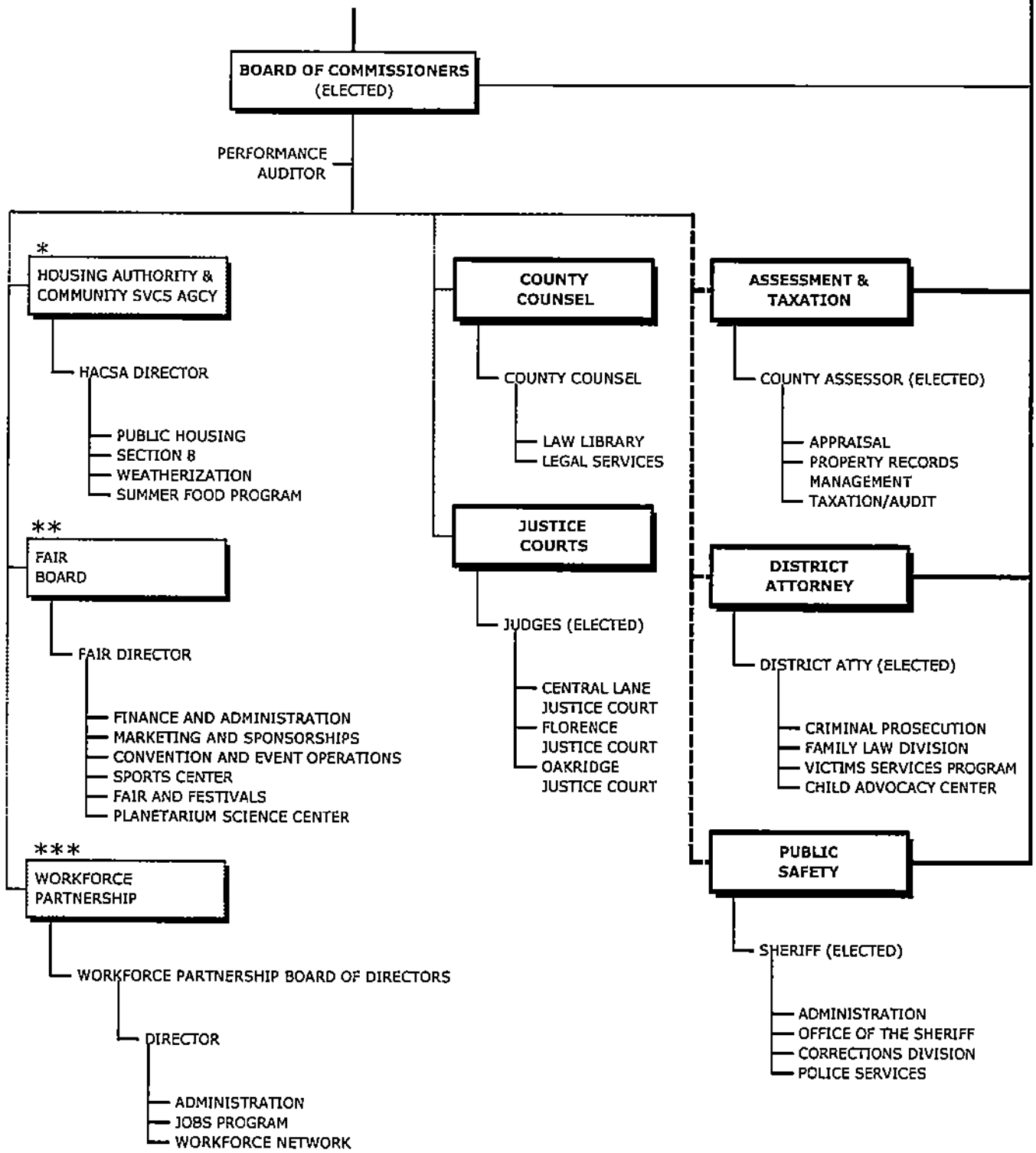
**Department of Management
Services**

David Suchart, Director
F. Randall Green, Finance
Manager

County Counsel

Teresa Wilson

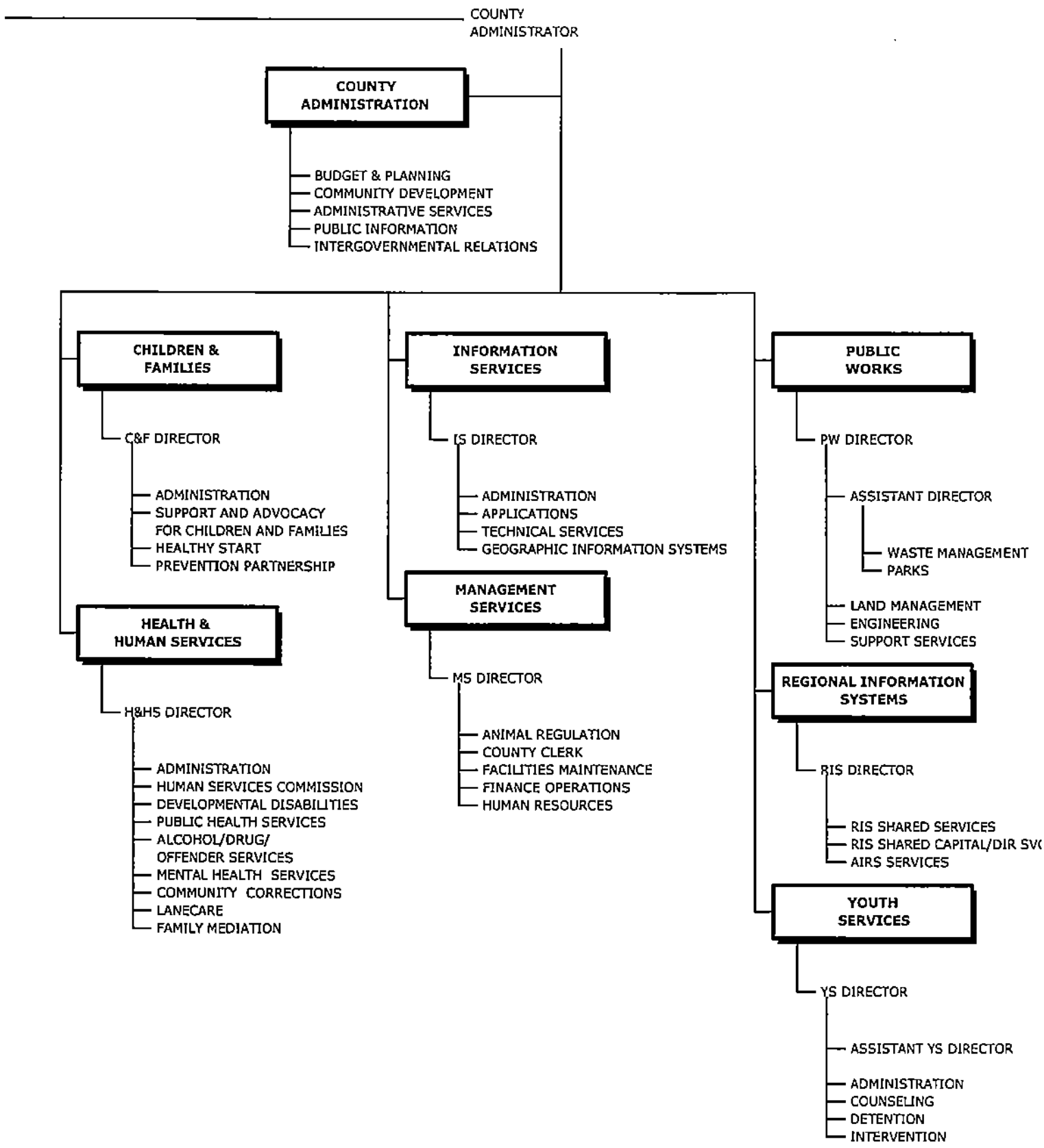
LANE COUNTY CITIZENS



LEGEND

- indicates publicly elected officials with direct budget authority by the Board of Commissioners
- indicates direct responsibility to the Board of Commissioners
- .- indicates partial responsibility to the Commissioners (see right):

- * (Not a department) Board of Commissioners is the Housing Authority (HACSA) Board
- ** Board of Commissioners has budget authority and sets personnel rules; Fair Board has independent management authority; Fair Board members are appointed by the Commissioners
- *** Board of Commissioners has budget authority and sets personnel rules; department has separate statutory operational charge, contracts with County for administrative services





INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF COUNTY COMMISSIONERS
LANE COUNTY, OREGON
Eugene, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Lane County, Oregon as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lane County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority and Community Services Agency of Lane County, Oregon (the Housing Authority), the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based solely on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lane County, Oregon as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Road Fund, and the Health and Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1b, the County has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2001.

Management's discussion and analysis on pages 3 through 15 and the required supplementary information on page 68 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents, and the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2002 on our consideration of Lane 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 the 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 supplementary annual bond disclosures in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

JONES & ROTH, P.C.

By Michael G. Lewis
Michael G. Lewis, Shareholder

Eugene, Oregon
November 26, 2002

Management's Discussion and Analysis

The management of Lane County, Oregon, presents this narrative overview to facilitate both a short- and a long-term analysis of the financial activities of the County for the fiscal year ended June 30, 2002. This Management's Discussions and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as the date of the independent auditors' report.

Financial Highlights

- The assets of Lane County exceeded its liabilities at June 30, 2002, by \$333.1 million (total net assets). Of this amount \$48.5 million may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$19.2 million during the current fiscal year. Most of this increase was the result of new Federal funding received under the Secure Rural Schools and Community Self-Determination Act of 2000.
- At June 30, 2002, the County's governmental funds reported combined ending fund balances of \$74.9 million, an increase of \$0.8 million in comparison to the prior year. Approximately \$19.9 million is unreserved and available for spending at the government's discretion.
- The General Fund's unreserved fund balance is approximately \$6.4 million at the end of the current fiscal year, or 7.4% of General Fund expenditures.

Overview of the Financial Statements

This following discussion and analysis is intended to serve as an introduction to the County's basic financial statements and other required supplementary information. The County's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Examples of such items include earned, but uncollected, property taxes, and earned, but unused, compensated absences.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the County include the following

- General government
- Public safety
- Health and safety
- Sanitation services
- Culture and recreation
- Public works
- Education
- Community development

The business-type activities of the County include the following:

- Solid waste management
- Fair board
- Regional information systems
- Corrections commissary

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Metropolitan Wastewater Service District for which the County is financially accountable. Although legally separate, the District's governing body is identical to the County's, and because the services of the District are exclusively for the benefit of the County and its residents, it is included as an integral part of the primary government. Governed by a separate board appointed by the Board of County Commissioners, the Lane County Fair Board is also reported as an integral part of the County's financial statements. In addition, the Housing Authority and Community Services Agency (HACSA) is shown in the County's government-wide financial statements in a separate column to emphasize that this agency, for which the County Board serves as the policy board, is not technically a part of the primary government.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for many of the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities. These reconciliation can be found on pages 20 and 23 of this report.

The County maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, and Health and Human Services Fund, all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a

single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 69-76 of this report.

The County adopts an annual appropriated budget for all its funds. To demonstrate compliance, budgetary comparison statements have been provided for major funds as part of the basic financial statements on pages 24-28 of this report. Budgetary comparisons for all nonmajor funds are provided on pages 88-118 of this report.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds. The County maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The County uses enterprise funds to account for its fairground operations, solid waste disposal utility, corrections commissary operations, and information systems and services activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance and employee benefits activities, motor pool operations, intergovernmental services activities, and PC replacement operations. Because internal service funds predominantly benefit governmental rather than business-types functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as reported for the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the fair board and solid waste disposal operations, both of which are considered to be major funds of the County. Conversely, the two remaining enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements, as are all internal service funds. Individual fund data for the two nonmajor enterprise funds and each of the internal service funds is provided in the form of combining statements on pages 77-87 of this report.

The basic proprietary fund financial statements can be found on pages 29-34 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on page 68 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$332.9 million at the close of the most recent fiscal year.

The largest portion of the County's net assets (70.1%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (15.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$48.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Lane County's Net Assets (In thousands)						
	Governmental activities		Business-type activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	\$183,303	\$105,598	\$21,077	\$17,948	\$204,380	\$123,546
Capital assets	258,599	248,523	23,975	23,987	282,574	272,510
Total assets	\$441,902	\$354,121	\$45,052	\$41,935	\$486,954	\$396,056
Long-term liabilities outstanding	123,108	47,665	9,368	16,415	132,476	64,080
Other liabilities	19,952	15,319	1,445	2,792	21,397	18,111
Total liabilities	\$143,060	\$62,984	\$10,813	\$19,207	\$153,873	\$82,191
Net assets:						
Invested in capital assets, net of related debt	209,905	196,215	23,438	14,346	233,343	210,561
Restricted	51,281	48,082	-	-	51,281	48,082
Unrestricted	37,656	46,840	10,801	8,382	48,457	55,222
Total net assets	\$298,842	\$291,137	\$34,239	\$22,728	\$333,081	\$313,865

For the governmental activities, both current and other assets, as well as long-term liabilities, increased in excess of \$75 million. This increase is due principally to the issuance during the year of \$71.4 million of pension obligation bonds (a long-term liability), the proceeds of which were used to pay down an estimated pension liability, thereby creating a net pension asset (other asset) at year end of \$70.1 million.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities, which was true for the prior fiscal year as well.

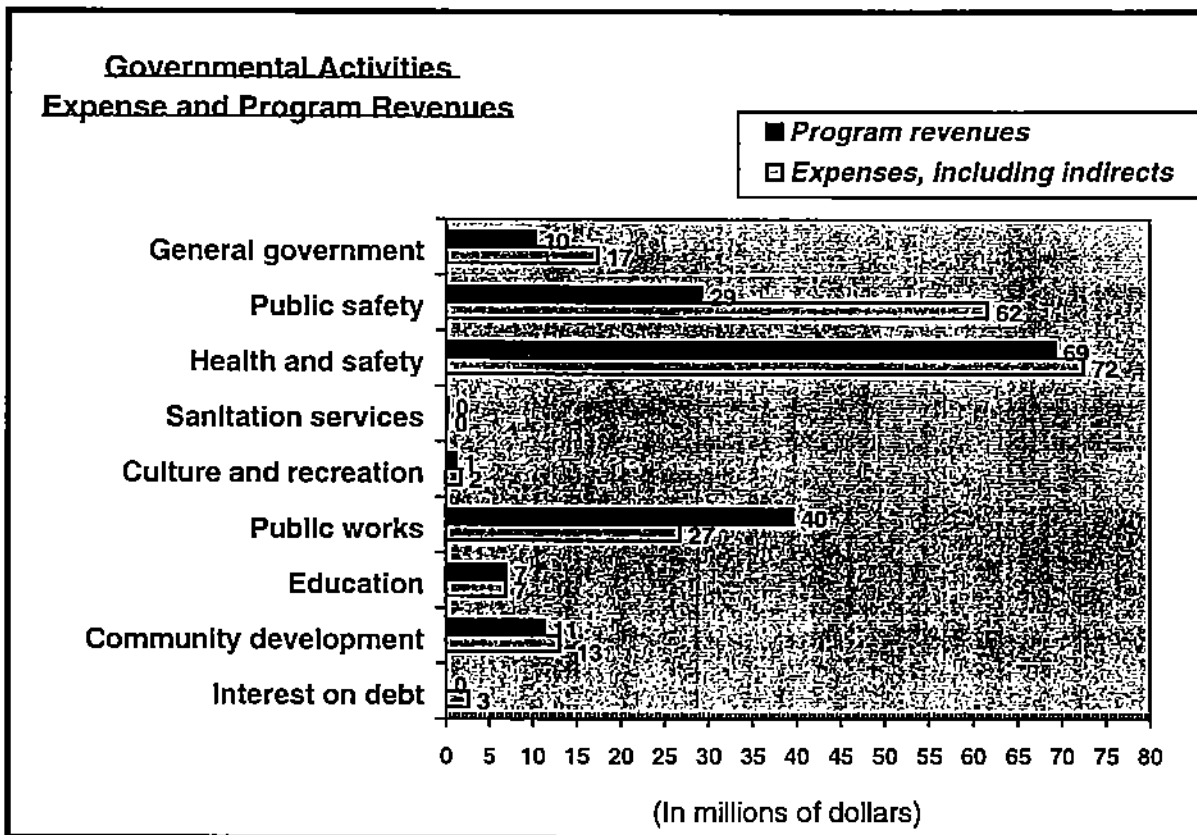
Lane County's Changes in Net Assets
(In thousands)

	Governmental activities		Business-type activities		Total	
	2002	2001	2002	2001	2002	2001
Revenues:						
Program revenues:						
Charges for services	\$58,878	\$54,301	\$21,807	\$20,197	\$80,685	\$74,498
Operating grants and contributions	108,822	95,687	43	-	108,865	95,687
Capital grants and contributions	-	-	242	-	242	-
General revenues:						
Taxes *	30,544	28,787	200	1,281	30,744	30,068
Forest and timber receipts	14,113	9,459	-	-	14,113	9,459
Miscellaneous	4,565	4,463	-	-	4,565	4,463
Unrestricted investment earnings	2,288	6,560	764	11,115	3,052	17,675
Total revenues	219,210	199,257	23,056	32,593	242,266	231,850
Expenses:*						
General government	17,408	12,512	-	-	17,408	12,512
Public safety	61,549	56,966	-	-	61,549	56,966
Health and safety	72,430	67,997	-	-	72,430	67,997
Sanitation services	59	193	-	-	59	193
Culture and recreation	1,764	1,696	-	-	1,764	1,696
Public works	26,790	26,463	-	-	26,790	26,463
Education	6,886	5,000	-	-	6,886	5,000
Community development	13,106	12,698	-	-	13,106	12,698
Interest on long-term debt	2,670	330	-	-	2,670	330
Waste management	-	-	8,338	6,985	8,338	6,985
Fair board	-	-	4,861	5,494	4,861	5,494
Regional information systems	-	-	6,855	5,205	6,855	5,205
Corrections commissary	-	-	334	270	334	270
Total expenses	202,662	183,855	20,388	17,954	223,050	201,809
Increase in net assets before transfers and capital contributions	16,548	15,402	2,668	14,639	19,216	30,041
Transfers in (out)	(591)	(726)	591	726	-	-
Capital contributions (to) from other funds	(8,252)	-	8,252	-	-	-
Increase in net assets	7,705	14,676	11,511	15,365	19,216	30,041
Net assets – beginning of year	291,137	276,461	22,728	7,363	313,865	283,824
Net assets – end of year	\$298,842	\$291,137	\$34,239	\$22,728	\$333,081	\$313,865

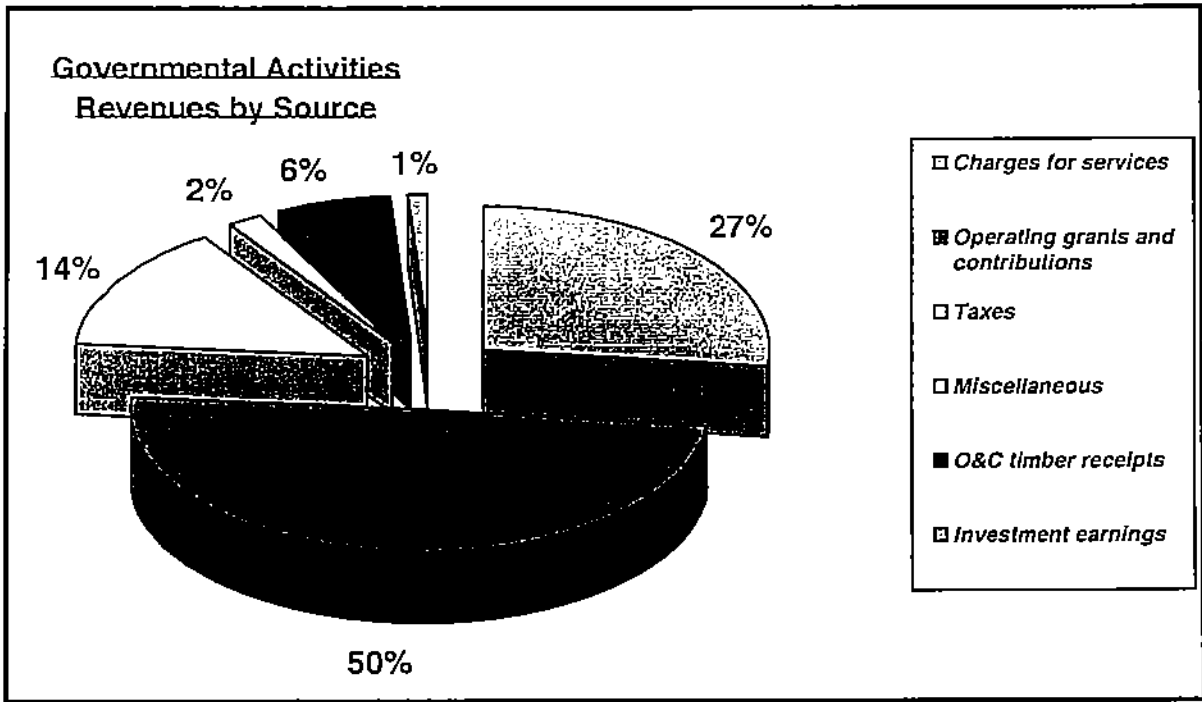
* Expenses include the indirect expenses as allocated on Page 17 of the basic financial statements.

Governmental activities. Governmental activities increased the County's net assets by \$7.7 million, thereby accounting for 39.9% of the total growth in net assets. Key elements of this increase are as follows:

- Charges for services grew by nearly \$9 million, due primarily to growth in collections for health care and employee retirement charges.
- Forest and timber receipts grew as a result of P.L.106-393, the Secure Rural Schools and Community Self-Determination Act, which increases federal timber payments to Lane County.
- Unrestricted investment earnings are down due to very low interest rates.
- Expenses for public safety activities grew by \$5 million as a result of expanding the inmate forest work camp and forestland emergency services within the Sheriff's office.
- Expenses for health and safety activities grew by over \$4 million within the developmental disabilities and public health areas.
- Interest on long-term debt grew primarily as a result of the new limited tax pension bonds sold to pay off the County's unfunded public employee retirement liability.



As illustrated above, with the exception of public works (and a small net revenue in sanitation services, too small to register), all governmental activities relied on general revenues to support the function.

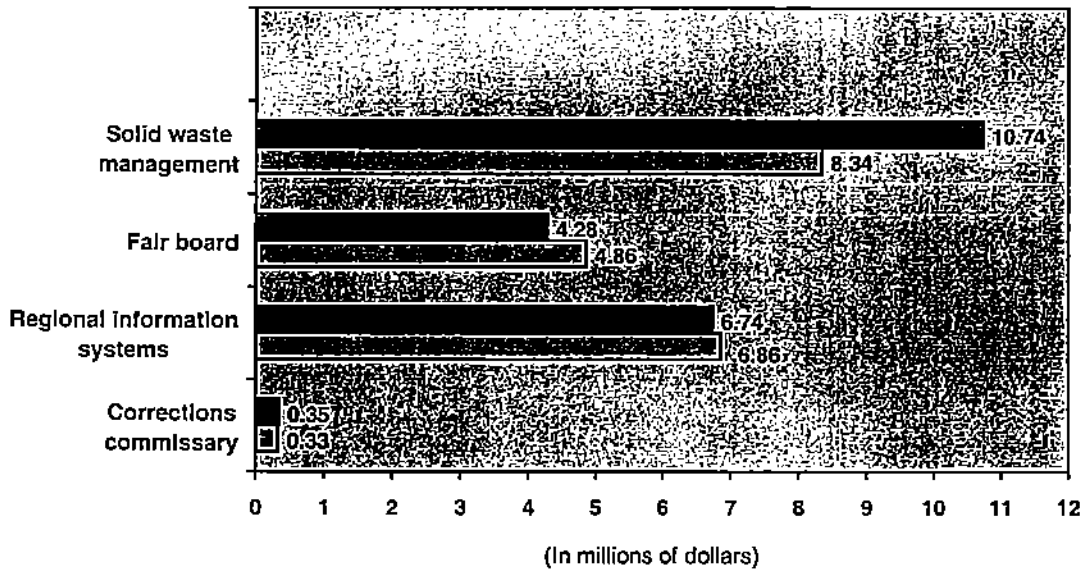


One half of revenues for governmental activities comes from operating grants and contributions, which includes among other items federal forest fees of \$25.6 million and gas tax and road fees of \$15.5 million. Over one-quarter of the revenue comes from charges for services. O&C timber receipts make up another 6% of governmental revenues. Taxes make up only 14% of overall revenues for governmental activities.

Business-type activities. Business-type activities increased the County's net assets by \$11.5 million, thereby accounting for 59.9% of the total growth in net assets. A key element of this increase is the long-term accumulation by waste management of reserves to cover closure and post-closure costs associated with eventual closure of the Short Mountain landfill. Program revenues and expenses for each of the County's business-type activities are depicted in the following chart.

Business-type Activities
Expense and Program Revenues

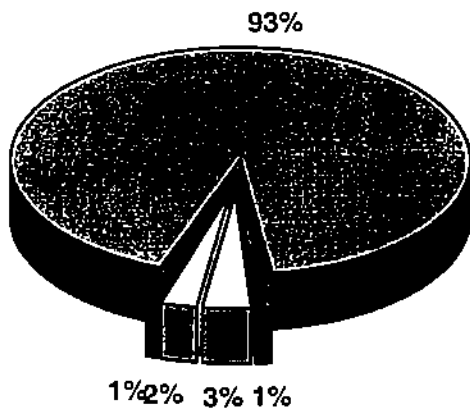
■ Program revenues
 □ Expenses



Within the business-type activities, the revenues generated by the fair board operations and the regional information systems during the year were not sufficient to cover current year expenses, requiring that these shortfalls (which in neither case were significant) be met by reducing fund balances carried over from prior years.

Nearly 93% of the revenues for business-type activities come from charges for services, as illustrated below.

Business-type Activities
Revenues by Source



□ Charges for services
 ■ Grants and contributions
 □ Investment earnings
 □ Transfers in
 ■ Taxes

Fund-based Financial Analysis

As previously discussed, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$74.9 million, an increase of \$.8 million in comparison with the prior year. Approximately 26.6% of this total amount (or \$19.9 million) constitutes unreserved fund balance, which is available for appropriation in the subsequent year at the Board's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$1.9 million), or is reserved for other restricted purposes, such as grant programs or road uses (another \$53.0 million).

The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6.4 million, while total fund balance for the General Fund was \$6.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.4% of total General Fund expenditures. Total fund balance represents 7.7% of that same amount.

The fund balance of the County's General Fund increased by over \$0.6 million in 2002. Half of the General Fund is funded by non-discretionary grant, contract or fee revenue generated by programs. As a result, only half of the General Fund is discretionary--that is, it can be spent in any way the Lane County budget committee and the Board of County Commissioners choose. In 2002, strong growth in federal revenue and healthy growth in taxes and assessments helped offset higher employee benefits costs, a cost-of-living adjustment on salaries, and growth in the Sheriff's office alternative corrections inmate forest work camp program.

In 2002, the **Health and Human Services (H&HS) Fund** provided funding for the first \$350,000 bond payment for the newly constructed mental health building. This payment, along with continued increased personnel costs, resulted in expenditures of \$3.4 million in excess of revenue collected. These added expenses were paid with prior-year fund balance, resulting in an overall \$0.4 million (or 22.8%) decrease in fund balance during the year. In addition to the bond expense, an additional \$78,000 rental expense was paid for the space at Heeran Center and Garden Avenue while the new building was completed. Continued increases in personnel costs without matching revenue increases have forced many H&HS programs to use prior-year balances to cover current-year operating costs.

The fund balance of the **Road Fund** increased by 12.6% or \$5.7 million in FY 2002, to an ending balance of \$51 million. Revenues increased from prior year by \$3.4 million. This is mainly attributable to an increase in federal funding. In FY 2002, the Road Fund federal safety net program was replaced with the Secure Rural Schools and Community Self-Determination Act, including a new method of calculation and distribution of the funds. This change resulted in a federal payment of \$19.2 million, a \$4.9 million increase over that of the previous year. Offsetting decreases in revenues were experienced in project-driven construction reimbursements and investment earnings. In general, expenditures grew at 2.3% or \$0.8 million, principally in salaries. Of the \$10 million spent from the capital improvements budget, 73% was spent on County construction projects and 27% distributed to other local government jurisdictions for road uses.

Proprietary funds. Total proprietary fund net assets increased \$12.9 million in the current fiscal year due mainly to the reclassification of \$8.2 million in fair board proprietary bonded debt to general government debt.

As of the end of the current fiscal year, the County's proprietary funds reported unrestricted net assets (deficit) as shown below. Unrestricted net assets are presented both as an amount and as a percentage of total net assets by fund.

	Amount	Percentage Total
Fair board	\$ (59,475)	(0.3%)
Solid waste disposal	9.6 million	68.5%
Corrections commissary	0.3 million	100.0%
Information systems	1.0 million	40.9%
Self-insurance	0.8 million	100.0%
Employee benefits	3.8 million	100.0%
Motor pool	12.8 million	57.4%
Intergovernmental services	0.3 million	58.0%
PC replacement	0.8 million	98.8%

The net assets of the **Solid Waste Fund** increased by \$3.4 million to \$14 million. Revenues from user fees were about the same level as in the previous fiscal year. Operational expenditures increased by \$1.3 million, including an expense of \$0.5 million for landfill closure/post-closure. At fiscal year-end, the total reserves accumulated for closure/post-closure costs were \$8.4 million. Current-year transfers of \$3.9 million were made within the fund, from the operating program to the closure/post-closure programs.

Other significant factors concerning the finances of the County's proprietary funds can be found in the previous discussion of the business-type activities.

General Fund Budgetary Highlights

The difference between the original adopted budget and the final amended budget for the General Fund was a \$1.45 million increase in appropriations for expenditures and transfers out. This difference was due primarily to increased appropriations related to new federal revenue in the Sheriff's office from Title III reimbursements for the inmate forest work camp and forestland emergency deputies.

For the year ended June 30, 2002, budgeted federal revenues were over-estimated by \$2.5 million and administrative charges by \$1.3 million. Expenditures came in under budget, resulting in a net positive budget variance in the General Fund of \$5.3 million.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2002, was \$282.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, improvements other than buildings (such as parks and park improvements), equipment, and infrastructure (roads and bridges). The total increase in the County's investment in capital assets for the current fiscal year was 3.7% (a 4.1% increase for governmental activities and a small 0.1% decrease for the business-type activities).

The major capital event during the current fiscal year was the completion in June 2002 of the new mental health facility at a cost of \$6 million.

Lane County's Capital Assets, Net of Accumulated Depreciation
(In thousands)

	Governmental activities		Business-type activities		Total	
	2002	2001	2002	2001	2002	2001
Land	\$7,713	\$6,843	\$2,074	\$1,958	\$9,787	\$8,801
Buildings and building improvements	60,813	57,246	16,810	16,498	77,623	73,744
Machinery and equipment	13,672	13,144	1,757	2,226	15,429	15,370
Infrastructure	176,401	170,698	0	0	176,401	170,698
Construction in progress	0	0	3,334	2,414	3,334	2,414
Total capital assets	\$258,599	\$247,931	\$23,975	\$23,096	\$282,574	\$271,027

Additional information on the County's capital assets can be found in note 5 on pages 49-50 of this report.

Long-term debt. At the end of the current fiscal year, the County had bonds outstanding of \$120.4 million, all of which is serviced by the governmental activities. Of this amount, \$29.8 million is comprised of general obligation bonds serviced by general property taxes and \$71.1 million in limited tax pension obligations, all with full faith and credit commitment. The remainder of the County's debt includes \$12 million in revenue bonds serviced by specific fund revenues generated as part of the governmental activities.

Lane County's Outstanding Bonds, less Deferred Amounts
(In millions)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
General obligation bonds						
Unlimited tax bonds	\$39.8	\$32.3	\$0	\$0	\$29.8	\$32.3
Limited tax bonds	71.1	-	-	-	71.1	0
Special obligation bonds	9.5	10.1	-	-	10.5	10.1
Revenue bonds	-	11.5	-	-	9.0	11.5
Total bonded debt	\$120.4	\$53.9	\$ -	\$ -	\$120.4	\$53.9

The County's total bonded debt increased by approximately \$66.5 million during the current fiscal year, primarily due to issuance of \$71.4 million in pension obligation bonds and \$8.7 million in full faith and credit obligations used to refund previously outstanding debt. At the same time, outstanding bonded indebtedness also decreased by approximately \$13.6 million during the current fiscal year due to scheduled and unscheduled (early) bond redemptions.

Moody's Investor Service rates most of the County's bond issues. The County's most recent ratings from Moody's are as follows:

- Aaa for general obligation bonds (December, 1999, confirmed February 2002)
- A1 for other issues (confirmed with fairgrounds bond issuance, February 2002)

Under Oregon Revised Statutes, general obligation debt issues are limited to 2% of the real market value of all taxable property within the County's boundaries. The \$111.5 million in general obligation debt applicable to this limit is well below the \$457.0 million statutory ceiling.

Additional information on the County's long-term debt can be found in note 8 on pages 53-59 of this report.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the County. The following are the major assumptions used in developing the FY 2003 budget:

- The current recession will continue and will have a growing impact on new construction activity. This will affect the land management building program and will also slow property tax revenue growth.
- New federal timber revenue from the Secure Rural Schools and Community Self-Determination Act of 2000 will help stabilize county services. The act is considered an entitlement program and is no longer tied to timber harvest levels. Total direct revenue from this act will reach \$40 million in FY 2003. This funding will continue through 2007, when it will sunset unless it is renewed by Congress.
- The County budgeted for a 3.25% cost of living adjustment next year. This will be the last year of a three-year contract.
- Inflation is projected at 2.7%.
- Health care costs are projected to increase nearly 14%.
- Pension contribution rates will hold flat for one year, with additional increases expected the following year when the OPERS actuary makes new valuations.
- Consistent with County financial policy, 5% of revenues are set aside in ending fund balance as a "prudent person reserve" to cover unanticipated circumstances. Unreserved fund balance in excess of the 5% prudent-person reserve will be appropriated for operational spending in the subsequent year.
- Despite the strong growth projected for expenses, the long-range forecast indicates that county revenues are projected to be sufficient and stable for at least two years before reductions will be necessary.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

David Suchart
Management Services Director
Lane County, Oregon
125 East 8th Street
Eugene, Oregon 97401
Phone: 541-682-3699
E-mail: David.S.Suchart@co.lane.or.us

Lane County
Statement of Net Assets
June 30, 2002

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Equity in pooled cash and investments:				
Unrestricted	\$ 43,982,634	\$ 19,686,549	\$ 63,669,183	\$ 2,964,076
Restricted	53,571,552	-	53,571,552	118,931
Receivables:				
Property taxes	2,112,064	-	2,112,064	-
Other	8,703,655	1,126,153	9,829,808	2,170,812
Loans receivable	-	-	-	1,502,206
Inventories	2,324,451	45,778	2,370,229	56,119
Internal balances	210,000	(210,000)	-	-
Other current assets	33,535	32,052	65,587	151,259
Total current assets	<u>110,937,891</u>	<u>20,680,532</u>	<u>131,618,423</u>	<u>6,963,403</u>
Noncurrent assets:				
Restricted cash and investments	578,115	396,373	974,488	1,051,894
Loans receivable	-	-	-	1,678,329
Investments in limited partnerships	-	-	-	1,626,364
Other	-	-	-	53,511
Net pension asset	70,092,781	-	70,092,781	-
Unamortized bond charges	1,694,036	-	1,694,036	29,720
Capital assets (net of accumulated depreciation)	<u>258,599,275</u>	<u>23,974,994</u>	<u>282,574,269</u>	<u>29,408,832</u>
Total noncurrent assets	<u>330,964,207</u>	<u>24,371,367</u>	<u>355,335,574</u>	<u>33,848,650</u>
Total assets	<u>\$ 441,902,098</u>	<u>\$ 45,051,899</u>	<u>\$ 486,953,997</u>	<u>\$ 40,812,053</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued expenses	\$ 10,574,366	\$ 767,581	\$ 11,341,947	\$ 764,716
Accrued payroll, withholdings and benefits	3,062,915	315,155	3,378,070	-
Accrued interest	987,471	-	987,471	-
Deferred revenue	1,761,234	301,196	2,062,430	9,304
Security deposits and amounts due to DHUD	-	-	-	520,317
FSS escrow deposits	-	-	-	177,475
Bonds and notes payable	3,565,000	61,409	3,626,409	1,694,394
Total current liabilities	<u>19,950,986</u>	<u>1,445,341</u>	<u>21,396,327</u>	<u>3,166,206</u>
Noncurrent liabilities:				
Accrued compensated benefits	5,874,780	491,936	6,366,716	-
Arbitrage payable	137,562	-	137,562	-
Accretion on deferred interest bonds	257,547	-	257,547	-
Bonds and notes payable	116,839,285	475,660	117,314,945	5,381,337
Landfill closure and postclosure care liability	-	8,400,019	8,400,019	-
Total noncurrent liabilities	<u>123,109,174</u>	<u>9,367,615</u>	<u>132,476,789</u>	<u>5,381,337</u>
Total liabilities	<u>143,060,160</u>	<u>10,812,956</u>	<u>153,873,116</u>	<u>8,547,543</u>
NET ASSETS				
Invested in capital assets, net of related debt	209,904,573	23,437,925	233,342,498	23,878,101
Restricted:				
For debt service	1,831,567	-	1,831,567	-
For roads	47,851,163	-	47,851,163	-
By grant requirements	1,598,342	-	1,598,342	1,170,825
Unrestricted	<u>37,656,293</u>	<u>10,801,018</u>	<u>48,457,311</u>	<u>7,215,584</u>
Total net assets	<u>\$ 298,841,938</u>	<u>\$ 34,238,943</u>	<u>\$ 333,080,881</u>	<u>\$ 32,264,510</u>

The accompanying notes are an integral part of the financial statements.

Lane County
Statement of Activities
June 30, 2002

Functions/Programs	Program Revenues					Net Revenue (Expense) and Changes in Net Assets			Component Unit
	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Governmental Activities	Primary Government		
			Operating Grants and Contributions	Capital Grants and Contributions			Business-type Activities	Total	
Primary Government:									
Governmental activities:									
General government	\$ 30,503,156	\$ 10,074,003	\$ 191,488	\$ -	\$ -	\$ (7,142,730)	\$ -	\$ (7,142,730)	\$ -
Public safety	52,923,932	16,209,667	13,006,124	-	-	(32,332,872)	-	(32,332,872)	-
Health and safety	70,865,003	23,579,920	45,616,846	-	-	(3,233,507)	-	(3,233,507)	-
Sanitation services	51,997	171,264	-	-	-	112,540	-	112,540	-
Culture and recreation	1,685,702	952,617	149,005	-	-	(662,372)	-	(662,372)	-
Public works	25,154,885	4,844,091	34,713,311	-	-	12,766,979	-	12,766,979	-
Education	6,885,822	-	6,882,799	-	-	(3,025)	-	(3,025)	-
Community development	12,381,632	3,045,992	8,262,670	-	-	(1,797,800)	-	(1,797,800)	-
Interest on long-term debt	2,669,792	-	-	-	-	(2,669,792)	-	(2,669,792)	-
Total governmental activities	203,122,121	58,877,754	108,822,243	-	-	(34,962,579)	-	(34,962,579)	-
Business-type activities:									
Waste management	8,133,426	10,794,807	-	-	-	-	2,398,851	2,398,851	-
Fair board	4,844,743	3,992,291	43,055	241,950	-	-	(583,855)	(583,855)	-
RIS	6,624,295	6,734,896	-	-	-	-	(119,863)	(119,863)	-
Corrections commissary	325,826	345,345	-	-	-	-	11,374	11,374	-
Total business-type activities	19,928,290	21,807,339	43,055	241,950	-	-	1,704,507	1,704,507	-
Total primary government	223,050,411	80,685,093	108,865,298	241,950	-	(34,962,579)	1,704,507	(33,258,072)	-
Component unit:									
Housing Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,770,552
General revenues:									
Taxes:									
Property and other taxes levied for general purposes						26,208,694	200,000	26,408,694	-
Property and other taxes levied for debt service						4,335,394	-	4,335,394	-
O&C timber receipts						14,112,863	-	14,112,863	-
Unrestricted investment earnings						2,287,729	763,540	3,051,269	362,341
Miscellaneous						4,565,312	-	4,565,312	-
Transfers in (out)						(590,814)	590,814	-	-
Total general revenues and transfers						50,919,178	1,554,354	52,473,532	362,341
Change in net assets before capital contributions						15,956,599	3,258,861	19,215,460	2,132,993
Capital contributions (to) from other funds						(8,251,731)	6,251,731	-	-
Change in net assets						7,704,868	11,510,592	19,215,460	2,132,993
Net assets - beginning						291,137,070	22,728,351	313,865,421	30,141,057
Dividend distribution to CSA Fund						-	-	-	(9,440)
Net assets - ending						\$ 298,841,938	\$ 34,238,943	\$ 333,080,881	\$ 32,264,510

The accompanying notes are an integral part of the financial statements.

Lane County
Balance Sheet - Governmental Funds
June 30, 2002

	General Fund 124	Road Fund 225
ASSETS		
Equity in pooled cash and investments:		
Unrestricted	\$ 6,813,222	\$ 165,599
Restricted	-	50,730,718
Receivables:		
Property taxes	1,792,486	-
Accounts	3,032,682	1,244,807
Accrued interest	67,130	426,327
Due from other fund	-	-
Prepays	5,580	-
Inventories	229,793	1,735,753
Restricted assets:		
Cash and investments	-	-
	<u> </u>	<u> </u>
Total assets and other debits	<u>\$ 11,940,893</u>	<u>\$ 54,303,204</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Deficit in pooled cash and investments	\$ -	\$ -
Accounts payable	2,105,358	2,585,888
Accrued payroll, withholdings, and benefits	1,628,063	459,266
Arbitrage payable	-	-
Due to other fund	-	-
Deferred revenues	1,548,434	76,043
	<u> </u>	<u> </u>
Total liabilities	<u>5,281,855</u>	<u>3,121,197</u>
Fund balances:		
Reserved for:		
Inventories	229,793	1,735,753
Debt service	-	-
Grant programs	-	-
Road use	-	49,446,254
Unreserved, reported in:		
General fund	6,429,245	-
Special revenue funds	-	-
Capital project funds	-	-
	<u> </u>	<u> </u>
Total fund balances	<u>6,659,038</u>	<u>51,182,007</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 11,940,893</u>	<u>\$ 54,303,204</u>

Health and Human Services 286	Other Governmental Funds	Total Governmental Funds
\$ 3,702,487	\$ 12,320,636	\$ 23,001,944
-	2,840,834	53,571,552
-	319,578	2,112,064
1,859,564	1,654,532	7,791,585
36,206	166,519	696,182
-	210,000	210,000
-	-	5,580
-	-	1,965,546
-	591,024	591,024
<u>\$ 5,598,257</u>	<u>\$ 18,103,123</u>	<u>\$ 89,945,477</u>
\$ -	\$ 165,537	\$ 165,537
1,850,989	1,851,567	8,393,802
463,152	161,481	2,711,962
-	137,562	137,562
-	115,000	115,000
<u>1,618,563</u>	<u>300,805</u>	<u>3,543,845</u>
<u>3,932,704</u>	<u>2,731,952</u>	<u>15,067,708</u>
-	-	1,965,546
-	1,895,128	1,895,128
-	1,627,249	1,627,249
-	-	49,446,254
-	-	6,429,245
1,665,553	4,094,941	5,760,494
-	7,753,853	7,753,853
<u>1,665,553</u>	<u>15,371,171</u>	<u>74,877,769</u>
<u>\$ 5,598,257</u>	<u>\$ 18,103,123</u>	<u>\$ 89,945,477</u>

Lane County
**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**
June 30, 2002

Total fund balances - governmental funds	\$ 74,877,769
Amounts reported for governmental activities in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	28,238,354
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds (see Note A below).	248,923,055
Some assets will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:	
Property taxes	1,814,865
Accrued interest	<u>118,728</u>
	1,933,593
Bond issue costs and bond discounts are expensed by governmental funds in the year paid but are capitalized on the statement of net assets and amortized over the life of the bonds.	559,463
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds and notes payable	(49,254,166)
Accrued interest	(677,022)
Accrued compensated benefits	<u>(5,759,108)</u>
	<u>(55,690,296)</u>
Net assets of governmental activities	<u>\$ 298,841,938</u>

Note A:

Total buildings and equipment used in governmental activities:	
Land	\$ 7,713,166
Buildings and equipment	74,484,739
Infrastructure - land	29,790,181
Infrastructure - depreciable	<u>146,611,189</u>
	258,599,275
Less total buildings and equipment used in internal service funds classified as governmental activities	<u>(9,676,220)</u>
	<u>\$ 248,923,055</u>

Lane County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended June 30, 2002

	General Fund 124	Road Fund 225
	<u>124</u>	<u>225</u>
Revenues:		
Taxes and assessments	\$ 23,276,805	\$ 53,732
Fees, licenses and permits	1,617,856	82,992
Intergovernmental:		
Federal	21,704,862	19,224,695
State	13,637,142	15,506,161
Local	2,028,588	76,938
Charges for services	11,790,281	1,505,522
Fines, forfeitures and penalties	3,097,504	-
Administrative charges	13,178,097	626,794
Investment income	385,622	2,358,235
Sale and rental of property	1,112,501	251,406
Total revenues	<u>91,829,258</u>	<u>39,686,475</u>
Expenditures:		
Current:		
General government	20,924,624	139,861
Public safety	57,631,237	1,345,731
Health and safety	3,401,984	-
Sanitation services	-	-
Culture and recreation	-	-
Public works	-	23,294,373
Education	-	-
Community development	3,325,643	-
Debt service:		
Principal	-	-
Interest	-	-
Capital outlay	1,089,379	10,142,071
Total expenditures	<u>86,372,867</u>	<u>34,922,036</u>
Excess (deficiency) of revenues over expenditures	<u>5,456,391</u>	<u>4,764,439</u>
Other financing sources (uses);		
Refunding bonds	-	-
Operating transfers in	121,895	1,052,338
Operating transfers out	(5,199,402)	-
Total other financing sources (uses)	<u>(5,077,507)</u>	<u>1,052,338</u>
Net change in fund balances	378,884	5,816,777
Fund balances, June 30, 2001	6,050,361	45,473,172
Increase (decrease) in inventories	229,793	(107,942)
Fund balances, June 30, 2002	<u>\$ 6,659,038</u>	<u>\$ 51,182,007</u>

The accompanying notes are an integral part of the financial statements.

Health and Human Services 286	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 7,424,655	\$ 30,755,192
578,913	162,906	2,442,667
3,881,056	20,090,027	64,900,640
52,871,854	5,089,114	87,104,271
563,659	2,159,898	4,829,083
7,028,414	1,889,391	22,213,608
2,463	206,275	3,306,242
-	979,313	14,784,204
217,685	1,187,290	4,148,832
1,383	588,567	1,953,857
<u>65,145,427</u>	<u>39,777,436</u>	<u>236,438,596</u>
-	1,795,951	22,860,436
7,984,624	2,935,692	69,897,284
60,564,740	8,562,567	72,529,291
-	8,104	8,104
-	1,768,730	1,768,730
-	285,296	23,579,669
-	6,885,822	6,885,822
-	9,742,772	13,068,415
-	13,350,000	13,350,000
-	2,666,463	2,666,463
-	6,213,059	17,444,509
<u>68,549,364</u>	<u>54,214,456</u>	<u>244,058,723</u>
<u>(3,403,937)</u>	<u>(14,437,020)</u>	<u>(7,620,127)</u>
-	8,652,915	8,652,915
3,359,389	2,621,910	7,155,532
<u>(446,895)</u>	<u>(1,886,571)</u>	<u>(7,532,868)</u>
<u>2,912,494</u>	<u>9,388,254</u>	<u>8,275,579</u>
(491,443)	(5,048,766)	655,452
2,156,996	20,419,937	74,100,466
-	-	121,851
<u>\$ 1,665,553</u>	<u>\$ 15,371,171</u>	<u>\$ 74,877,769</u>

Lane County
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
for the year ended June 30, 2002

Net change in fund balances - governmental funds \$ 655,452

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

Governmental funds report capital outlays as expenditures; in the statement of
activities the cost of those assets is allocated over their estimated useful lives
as depreciation expense:

Payments for buildings and equipment	\$ 8,256,153	
Depreciation expense	(3,772,369)	
Infrastructure payments	12,952,886	
Depreciation expense	<u>(7,249,854)</u>	
		10,186,816

The issuance of long-term debt (bonds, notes, capital leases) provides
current financial resources to governmental funds; the repayment of long-term
debt consumes current financial resources in the governmental funds.
Current period long-term debt transactions were:

Bond proceeds received	(7,622,757)	
Bond and note payable principal payments	<u>4,102,758</u>	
		(3,519,999)

Property taxes may not be collected for several months after year end; they are
not considered "available" and are deferred in the governmental funds 68,864

Increases in inventory in the governmental funds are reflected as expenditures 121,851

Bond issue costs and bond discounts are expensed by governmental funds
in the year paid but are capitalized on the statement of net assets and
amortized over the life of the bonds; the net effect was 69,956

Some items reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as expenditures
in governmental funds:

Net change in accrued interest	(349,282)	
Increase in accrued compensated benefits	<u>(35,376)</u>	
		(384,658)

The net effect of various miscellaneous transactions involving
capital assets (sales and dispositions, trade-ins, and donations) (790,976)

Internal service funds are used by management to charge the costs of certain
activities to individual funds. The net revenue is being included with
governmental activities in the statement of activities. 1,297,562

Change in net assets of governmental activities \$ 7,704,868

Lane County
Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) -
Budget and Actual
General Fund
for the year ended June 30, 2002

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 23,233,974	\$ 23,283,974	\$ 23,276,805	\$ (7,169)
Fees, licenses and permits	1,587,251	1,403,546	1,617,856	214,310
Intergovernmental:				
Federal	22,701,617	24,216,600	21,704,862	(2,511,738)
State	13,671,118	13,642,328	13,637,142	(5,186)
Local	1,994,391	2,040,010	2,028,588	(11,422)
Charges for services	10,785,535	10,614,856	11,790,281	1,175,425
Fines, forfeitures and penalties	3,346,809	3,401,809	3,097,504	(304,305)
Administrative charges	14,488,262	14,488,262	13,178,097	(1,310,165)
Interest	1,179,000	1,193,000	359,546	(833,454)
Sale and rental of property	948,860	948,860	1,112,501	163,641
Total revenues	<u>93,936,817</u>	<u>95,233,245</u>	<u>91,803,182</u>	<u>(3,430,063)</u>
Expenditures:				
Assessment and Taxation:				
Personal services	3,380,466	3,380,466	3,193,028	187,438
Materials and services	1,203,605	1,258,605	1,250,226	8,379
Capital outlay	-	-	8,271	(8,271)
	<u>4,584,071</u>	<u>4,639,071</u>	<u>4,451,525</u>	<u>187,546</u>
County Administration:				
Personal services	1,744,310	1,744,310	1,491,076	253,234
Materials and services	408,191	443,591	498,710	(55,119)
	<u>2,152,501</u>	<u>2,187,901</u>	<u>1,989,786</u>	<u>198,115</u>
Children and Family Services:				
Personal services	994,659	751,373	766,260	(14,887)
Materials and services	2,589,835	2,713,158	2,635,724	77,434
Capital outlay	-	7,125	7,125	-
	<u>3,584,494</u>	<u>3,471,656</u>	<u>3,409,109</u>	<u>62,547</u>
Public Safety:				
Personal services	25,803,754	27,372,129	26,597,351	774,778
Materials and services	15,170,639	15,223,814	15,571,286	(347,472)
Capital outlay	454,569	727,989	730,069	(2,080)
	<u>41,428,962</u>	<u>43,323,932</u>	<u>42,898,706</u>	<u>425,226</u>
Public Works:				
Personal services	2,356,578	2,116,694	2,109,345	7,349
Materials and services	903,551	921,898	952,665	(30,767)
	<u>3,260,129</u>	<u>3,038,592</u>	<u>3,062,010</u>	<u>(23,418)</u>

The accompanying notes are an integral part of the financial statements.

Lane County

**Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) -
Budget and Actual, continued**

General Fund

for the year ended June 30, 2002

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, continued:				
Information Services:				
Personal services	3,447,214	3,447,214	3,354,852	92,362
Materials and services	3,071,249	3,143,352	3,009,357	133,995
Capital outlay	100,000	100,000	130,532	(30,532)
	<u>6,618,463</u>	<u>6,690,566</u>	<u>6,494,741</u>	<u>195,825</u>
Youth Services:				
Personal services	5,240,891	5,349,992	5,023,338	326,654
Materials and services	3,785,249	3,810,774	3,051,133	759,641
Capital outlay	-	-	21,633	(21,633)
	<u>9,026,140</u>	<u>9,160,766</u>	<u>8,096,104</u>	<u>1,064,662</u>
District Attorney:				
Personal services	5,178,242	5,193,698	4,981,547	212,151
Materials and services	1,190,712	1,210,875	1,253,728	(42,853)
Capital outlay	100,000	100,000	183,459	(83,459)
	<u>6,468,954</u>	<u>6,504,573</u>	<u>6,418,734</u>	<u>85,839</u>
County Counsel:				
Personal services	721,829	721,829	642,906	78,923
Materials and services	63,491	63,491	77,254	(13,763)
	<u>785,320</u>	<u>785,320</u>	<u>720,160</u>	<u>65,160</u>
Justice Courts:				
Personal services	768,418	813,418	765,583	47,835
Materials and services	388,775	388,775	387,268	1,507
	<u>1,157,193</u>	<u>1,202,193</u>	<u>1,152,851</u>	<u>49,342</u>
Management Services:				
Personal services	4,034,636	4,034,636	3,978,317	56,319
Materials and services	2,291,669	2,291,669	2,338,443	(46,774)
	<u>6,326,305</u>	<u>6,326,305</u>	<u>6,316,760</u>	<u>9,545</u>
General Expense:				
Materials and services	1,395,452	1,495,637	1,354,091	141,546
Capital outlay	400,000	325,000	8,290	316,710
	<u>1,795,452</u>	<u>1,820,637</u>	<u>1,362,381</u>	<u>458,256</u>
Contingency	<u>5,546,891</u>	<u>4,771,063</u>	<u>-</u>	<u>4,771,063</u>
Total expenditures	<u>92,734,875</u>	<u>93,922,575</u>	<u>86,372,867</u>	<u>7,549,708</u>

Lane County

**Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) -
Budget and Actual, continued**

General Fund

for the year ended June 30, 2002

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	1,201,942	1,310,670	5,430,315	4,119,645
Other financing sources (uses):				
Operating transfers in	1,578,298	1,734,144	121,895	(1,612,249)
Operating transfers out	<u>(7,758,880)</u>	<u>(8,023,454)</u>	<u>(5,199,402)</u>	<u>2,824,052</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,978,640)	(4,978,640)	352,808	5,331,448
Fund balance, June 30, 2001	4,978,640	4,978,640	6,050,361	1,071,721
Increase in inventories	-	-	229,793	229,793
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>6,632,962</u>	<u>\$ 6,632,962</u>
Excess of fair value of investments over cost			<u>26,076</u>	
Fund balance, June 30, 2002, GAAP basis			<u>\$ 6,659,038</u>	

Lane County
Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) -
Budget and Actual
Road Fund
for the year ended June 30, 2002

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 100,000	\$ 100,000	\$ 53,732	\$ (46,268)
Fees, licenses and permits	80,000	80,000	82,992	2,992
Intergovernmental:				
Federal	18,748,814	18,748,814	19,224,695	475,881
State	13,922,000	13,922,000	15,506,161	1,584,161
Local	55,207	55,207	76,938	21,731
Charges for services	1,120,500	1,120,500	1,505,522	385,022
Administrative charges	430,950	430,950	626,794	195,844
Interest	2,010,000	2,010,000	2,192,636	182,636
Sale and rental of property	81,000	81,000	251,406	170,406
Total revenues	36,548,471	36,548,471	39,520,876	2,972,405
Expenditures:				
Public Safety:				
Personal services	815,558	815,558	771,790	43,768
Materials and services	644,724	644,724	573,941	70,783
Capital outlay	90,000	90,000	92,688	(2,688)
	<u>1,550,282</u>	<u>1,550,282</u>	<u>1,438,419</u>	<u>111,863</u>
Public Works:				
Personal services	15,109,653	15,109,653	14,110,799	998,854
Materials and services	10,028,026	10,028,026	9,183,574	844,452
Capital outlay	20,245,200	20,245,200	10,049,383	10,195,817
	<u>45,382,879</u>	<u>45,382,879</u>	<u>33,343,756</u>	<u>12,039,123</u>
Management Services:				
Personal services	144,112	144,112	130,895	13,217
Materials and services	65,472	65,472	8,966	56,506
	<u>209,584</u>	<u>209,584</u>	<u>139,861</u>	<u>69,723</u>
Contingency	<u>9,939,700</u>	<u>9,939,700</u>	<u>-</u>	<u>9,939,700</u>
Total expenditures	57,082,445	57,082,445	34,922,036	22,160,409
Excess (deficiency) of revenues over expenditures	(20,533,974)	(20,533,974)	4,598,840	25,132,814
Other financing sources - operating transfers in	<u>1,072,300</u>	<u>1,072,300</u>	<u>1,052,338</u>	<u>(19,962)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(19,461,674)	(19,461,674)	5,651,178	25,112,852
Fund balance, June 30, 2001	39,800,000	39,800,000	45,473,172	5,673,172
Decrease in inventories	-	-	(107,942)	(107,942)
Fund balance, June 30, 2002	<u>\$ 20,338,326</u>	<u>\$ 20,338,326</u>	51,016,408	<u>\$ 30,678,082</u>
Excess of fair value of investments over cost			<u>165,599</u>	
Fund balance, June 30, 2002, GAAP basis			<u>\$ 51,182,007</u>	

The accompanying notes are an integral part of the financial statements.

Lane County
Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) -
Budget and Actual
Health and Human Services Fund
for the year ended June 30, 2002

	<u>Budgeted amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees, licenses and permits	\$ 618,500	\$ 618,500	\$ 578,913	\$ (39,587)
Intergovernmental:				
Federal	3,425,768	3,685,850	3,881,056	195,206
State	51,382,524	53,732,828	52,871,854	(860,974)
Local	405,629	445,444	563,659	118,215
Charges for services	6,948,677	7,128,499	7,028,414	(100,085)
Fines, forfeitures, and penalties	2,000	2,000	2,463	463
Interest	158,694	158,694	203,621	44,927
Sale and rental of property	11,000	11,000	1,383	(9,617)
Total revenues	<u>62,952,792</u>	<u>65,782,815</u>	<u>65,131,363</u>	<u>(651,452)</u>
Expenditures:				
Health and Human Services:				
Personal services	16,988,118	17,579,470	16,657,180	922,290
Materials and services	49,844,626	52,288,226	51,892,184	396,042
Capital outlay	-	-	-	-
	<u>66,832,744</u>	<u>69,867,696</u>	<u>68,549,364</u>	<u>1,318,332</u>
Contingency	<u>426,346</u>	<u>423,846</u>	<u>-</u>	<u>423,846</u>
Total expenditures	<u>67,259,090</u>	<u>70,291,542</u>	<u>68,549,364</u>	<u>1,742,178</u>
Deficiency of revenues over expenditures	(4,306,298)	(4,508,727)	(3,418,001)	1,090,726
Other financing sources (uses):				
Operating transfers in	3,178,460	3,380,889	3,359,389	(21,500)
Operating transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(446,895)</u>	<u>(96,895)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	(1,477,838)	(1,477,838)	(505,507)	972,331
Fund balance, June 30, 2001	<u>1,496,620</u>	<u>1,496,620</u>	<u>2,156,996</u>	<u>660,376</u>
Fund balance, June 30, 2002	<u>\$ 18,782</u>	<u>\$ 18,782</u>	<u>1,651,489</u>	<u>\$ 1,632,707</u>
Excess of fair value of investments over cost			<u>14,064</u>	
Fund balance, June 30, 2002, GAAP basis			<u>\$ 1,665,553</u>	

Lane County
Statement of Net Assets
Proprietary Funds
June 30, 2002

	Enterprise Funds				Internal Service Funds
	Fair Board 551	Solid Waste Disposal - Operating 530	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 198,887	\$ 17,888,459	\$ 1,599,203	\$ 19,686,549	\$ 21,133,318
Accounts receivable	54,533	724,536	225,794	1,004,863	41,269
Interest receivable	-	108,855	12,435	121,290	174,619
Prepaid expenses	32,052	-	-	32,052	27,955
Interfund loan receivable	-	-	-	-	115,000
Inventories	45,778	-	-	45,778	358,905
Total current assets	<u>331,250</u>	<u>18,721,850</u>	<u>1,837,432</u>	<u>20,890,532</u>	<u>21,851,066</u>
Noncurrent assets:					
Restricted cash	396,373	-	-	396,373	-
Capital assets:					
Land	3,614,949	908,940	-	4,523,889	-
Buildings and improvements	19,722,814	4,387,527	-	24,110,341	-
Machinery and equipment	2,517,890	1,431,273	3,897,391	7,846,554	22,180,581
Construction in progress	781,793	2,552,775	-	3,334,568	-
Accumulated depreciation	(8,452,710)	(4,864,302)	(2,523,346)	(15,840,358)	(12,504,361)
Net pension asset	-	-	-	-	70,092,781
Unamortized bond issue costs	-	-	-	-	903,779
Unamortized bond discount	-	-	-	-	230,793
Total noncurrent assets	<u>18,581,109</u>	<u>4,416,213</u>	<u>1,374,045</u>	<u>24,371,367</u>	<u>80,903,573</u>
Total assets	<u>\$ 18,912,359</u>	<u>\$ 23,138,063</u>	<u>\$ 3,211,477</u>	<u>\$ 45,261,899</u>	<u>\$ 102,754,639</u>
LIABILITIES					
Current liabilities:					
Accounts and warrants payable	\$ 186,139	\$ 348,578	\$ 255,938	\$ 790,655	\$ 341,379
Accrued payroll, withholdings and benefits	112,837	365,974	328,280	807,091	350,953
Interest payable	-	-	-	-	310,449
Current maturities of long-term debt	61,409	-	-	61,409	-
Risk claims liability	-	-	-	-	1,991,000
Deferred revenue	278,122	-	-	278,122	-
Total current liabilities	<u>638,507</u>	<u>714,552</u>	<u>584,218</u>	<u>1,937,277</u>	<u>2,993,781</u>
Noncurrent liabilities:					
Due to other funds	210,000	-	-	210,000	-
Long-term debt, net of current maturities	475,660	-	-	475,660	71,149,285
Accrion on deep discount bonds	-	-	-	-	257,547
Accrued compensated benefits	-	-	-	-	115,672
Landfill closure and postclosure care liability	-	8,400,019	-	8,400,019	-
Total noncurrent liabilities	<u>685,660</u>	<u>8,400,019</u>	<u>-</u>	<u>9,085,679</u>	<u>71,522,504</u>
Total liabilities	<u>1,324,167</u>	<u>9,114,571</u>	<u>584,218</u>	<u>11,022,956</u>	<u>74,516,285</u>
NET ASSETS					
Invested in capital assets, net of related debt	17,647,667	4,416,213	1,374,045	23,437,925	9,676,220
Unrestricted	(59,475)	9,607,279	1,253,214	10,801,018	18,562,134
Total net assets	<u>\$ 17,588,192</u>	<u>\$ 14,023,492</u>	<u>\$ 2,627,259</u>	<u>\$ 34,238,943</u>	<u>\$ 28,238,354</u>

The accompanying notes are an integral part of the financial statements.

Lane County
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
for the year ended June 30, 2002

	Enterprise Funds				Internal Service Funds
	Fair Board	Solid Waste Disposal - Operating	Other Enterprise Funds	Total	
	551	530	Funds		
Operating revenues:					
Charges for services	\$ -	\$ 10,639,837	\$ 7,080,241	\$ 17,720,078	\$ 34,101,325
Sale and rental of property	1,192,333	94,970	-	1,287,303	148,012
Admissions, concessions and fees	2,594,257	-	-	2,594,257	-
Other	78,714	-	-	78,714	60,483
Total operating revenues	3,865,304	10,734,807	7,080,241	21,680,352	34,309,820
Operating expenses:					
Personal services	1,771,401	3,959,441	2,989,675	8,720,517	1,434,987
Materials and services	2,347,527	3,602,723	3,418,082	9,368,332	29,494,674
Landfill closure, postclosure and other	-	549,049	-	549,049	-
Depreciation	696,001	223,135	619,079	1,538,215	1,692,637
Total operating expenses	4,814,929	8,334,348	7,026,836	20,176,113	32,622,298
Operating income (loss)	(949,625)	2,400,459	53,405	1,504,239	1,687,522
Nonoperating revenues (expenses):					
Transient room tax	200,000	-	-	200,000	-
Intergovernmental - State	43,055	-	-	43,055	-
Interest income	7,194	752,287	72,334	831,815	1,334,377
Amortization of bond costs	-	-	-	-	(177,213)
Interest expense	(46,222)	-	-	(46,222)	(1,385,344)
Other	368,937	(3,608)	(41,392)	323,937	23,163
Total nonoperating revenues	572,964	748,679	30,942	1,352,585	(205,017)
Income (loss) before transfers and capital contributions	(376,661)	3,149,138	84,347	2,856,824	1,482,505
Capital contribution from (to) other funds	8,251,731	-	(120,503)	8,131,228	28,534
Transfers in	386,851	4,212,000	-	4,598,851	86,523
Transfers out	-	(4,008,037)	-	(4,008,037)	(300,000)
Change in net assets	8,261,921	3,353,101	(36,156)	11,578,866	1,297,562
Total net assets, June 30, 2001	9,326,271	10,670,391	2,663,415	22,660,077	26,940,792
Total net assets, June 30, 2002	\$ 17,588,192	\$ 14,023,492	\$ 2,627,259	\$ 34,238,943	\$ 28,238,354

Lane County
Statement of Cash Flows
Proprietary Funds
for the year ended June 30, 2002

	Enterprise Funds		
	Fair Board 551	Solid Waste Disposal - Operating 530	Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,727,280	\$ 10,612,429	\$ 4,191,913
Receipts from facilities rent	1,252,111	-	-
Receipts from interfund services	-	106,300	2,837,966
Payments to employees	(1,807,622)	(3,941,902)	(2,951,375)
Payments to suppliers	(2,583,641)	(1,885,624)	(551,790)
Payments for interfund services	-	(1,737,123)	(3,220,328)
Net cash provided (used) by operating activities	<u>(411,872)</u>	<u>3,154,080</u>	<u>306,386</u>
Cash flows from noncapital financing activities:			
Transient room tax receipts	200,000	-	-
Payments from state agencies	43,055	-	-
Proceeds from issuance of pension bonds	-	-	-
Supplemental payment against UAL	-	-	-
Bond issuance costs	-	-	-
Principal paid on pension bonds	-	-	-
Interest paid on pension bonds	-	-	-
Miscellaneous receipts	368,937	-	-
Operating transfers in	386,851	203,963	-
Operating transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	<u>998,843</u>	<u>203,963</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Interfund loan	110,000	-	-
Purchases of capital assets	(1,157,154)	(418,537)	(1,016,227)
Proceeds from sale of property	-	8,061	-
Loan proceeds	160,975	-	-
Bond arbitrage paid	(144,671)	-	-
Interest paid	(40,997)	-	-
Loan principal payments	(48,942)	-	-
Net cash used by capital and related financing activities	<u>(1,120,789)</u>	<u>(410,476)</u>	<u>(1,016,227)</u>
Cash flows from investing activities:			
Interest on investments	7,194	688,477	68,965
Net increase (decrease) in cash and cash equivalents	(526,624)	3,636,044	(640,876)
Cash and cash equivalents, June 30, 2001	<u>1,121,884</u>	<u>14,252,415</u>	<u>2,240,079</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 595,260</u>	<u>\$ 17,888,459</u>	<u>\$ 1,599,203</u>

The accompanying notes are an integral part of the financial statements.

<u>Total</u>	<u>Internal Service Funds</u>
\$ 17,531,622	\$ 264,231
1,252,111	-
2,944,266	33,755,496
(8,700,899)	(1,427,425)
(5,021,055)	(18,083,193)
<u>(4,957,451)</u>	<u>(12,022,989)</u>
<u>3,048,594</u>	<u>2,486,120</u>
200,000	-
43,055	-
-	71,313,901
-	(70,258,833)
-	(914,939)
-	(259,093)
-	(953,665)
368,937	-
590,814	86,523
<u>-</u>	<u>(300,000)</u>
<u>1,202,806</u>	<u>(1,286,106)</u>
110,000	-
(2,591,918)	(3,039,419)
8,061	-
160,975	-
(144,671)	-
(40,997)	-
<u>(48,942)</u>	<u>-</u>
<u>(2,547,492)</u>	<u>(3,039,419)</u>
<u>764,636</u>	<u>1,317,453</u>
2,468,544	(521,952)
<u>17,614,378</u>	<u>21,469,749</u>
<u>\$ 20,082,922</u>	<u>\$ 20,947,797</u>

Lane County
Statement of Cash Flows
Proprietary Funds, Continued
for the year ended June 30, 2002

	Enterprise Funds		
	Fair Board 551	Solid Waste Disposal - Operating 530	Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (949,625)	\$ 2,400,459	\$ 53,405
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	696,001	223,135	619,079
Landfill closure and postclosure care expense	-	549,049	-
(Increase) decrease in accounts receivable	54,308	13,039	(45,342)
(Increase) decrease in prepaid expenses	845	-	-
(Increase) decrease in inventory	(2,581)	-	-
Increase (decrease) in accounts payable	(234,378)	(20,024)	(354,036)
Increase (decrease) in accrued payroll	(36,221)	17,539	38,300
Increase (decrease) in risk claims liability	-	-	-
Increase (decrease) in deferred revenue	59,779	(29,117)	(5,020)
Net cash provided (used) by operating activities	\$ (411,872)	\$ 3,154,080	\$ 306,386
Noncash capital and related financing activities:			
Payoff of bonds	\$ 8,225,000	\$ -	\$ -
Assumption of accrued interest on bonds	26,731	-	-
Capital contributions from other fund	\$ 8,251,731	\$ -	\$ -
Noncash noncapital financing activities:			
Interest expense/accretion on deferred interest bonds	\$ -	\$ -	\$ -

<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,504,239	\$ 1,687,522
1,538,215	1,692,637
549,049	-
22,005	(19,685)
845	(27,955)
(2,581)	13,032
(608,438)	(172,363)
19,618	(499,660)
-	83,000
<u>25,642</u>	<u>(61,913)</u>
<u>\$ 3,048,594</u>	<u>\$ 2,694,615</u>
\$ 8,225,000	\$ -
<u>26,731</u>	<u>-</u>
<u>\$ 8,251,731</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 257,547</u>

Lane County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments	\$ 2,361,127
Receivables:	
Property taxes	19,061,568
Accrued interest	3,224
Accounts	<u>287,581</u>
Total assets	<u>\$ 21,713,500</u>
LIABILITIES	
Accounts and warrants payable	\$ 1,966
Amounts held in trust	21,710,944
Deferred revenue	<u>590</u>
Total liabilities	<u>\$ 21,713,500</u>

1. Summary of Significant Accounting Policies:

a. Reporting Entity:

Lane County, Oregon (the "County") was organized and established under Oregon Revised Statutes ("ORS"). The County is a municipal corporation governed by a Board of County Commissioners, consisting of five independently elected members. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the County. Each blended component unit has a June 30 year-end. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

• *Blended Component Units:*

Lane County Metropolitan Wastewater Service District (the "District") serves all the citizens of the County and is governed by a board of directors comprised of the County Board of Commissioners. The board of directors is responsible for all fiscal transactions of the District, including approval of budgets and property tax levies. The District is included in the governmental funds of the County.

The Fair Board is an enterprise fund of the County. It is governed by a separate Board which is responsible to the Lane County Commissioners. Principal sources of revenue are admissions, concessions and amusement fees from the Lane County Fair, rental income from the convention center and fairgrounds, and admissions from Lane County Ice.

• *Discretely Presented Component Unit:*

The Housing Authority and Community Services Agency ("HACSA") is the public housing authority for the City of Eugene, City of Springfield, and Lane County. Its mission is to provide affordable, decent, safe and sanitary housing to low and moderate income families and households. HACSA, which has a September 30 year-end, has been discretely presented for its year ended September 30, 2001. The County Board of Commissioners, although not required to do so, serves as the HACSA Policy Board and has delegated certain oversight responsibility to the County Administrator. However, the County is not responsible for HACSA liabilities, does not provide significant funding to HACSA and does not hold title to any of HACSA's assets nor does it have any right to HACSA's surpluses.

The County itself is not a component unit of any other governmental entity.

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

a. **Reporting Entity, continued:**

Complete financial statements for each of the individual component units may be obtained at the entity's administrative office.

Lane County Metropolitan Wastewater Service District
Lane County Administration
125 East 8th Avenue
Eugene, Oregon 97401

Lane County Fair Board
796 West 13th Avenue
Eugene, Oregon 97402

Housing Authority and Community Services Agency
177 Day Island Road
Eugene, Oregon 97401

b. **Implementation of New Financial Reporting Model:**

The County has implemented GASB Statement No. 34 which creates new basic financial statements for reporting on its governmental and business-type activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The beginning net asset amount for governmental activities reflects the inclusion of internal service funds (after the reclassification at July 1, 2001 of one of the enterprise funds to an internal service fund) and the change in fund balance for governmental funds at July 1, 2001 caused by the conversion to the accrual basis of accounting.

Except as described in Note 16, the beginning net asset amount for the business-type activities equals the fund equity of the enterprise funds at June 30, 2001 (after the reclassification at July 1, 2001 of one of the enterprise funds to an internal service fund).

c. **Government-wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the County is reported separately from its legally separate *component unit*.

1. Summary of Significant Accounting Policies, Continued:

c. Government-wide and Fund Financial Statements, continued:

The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function. Indirect expenses have been allocated to the function receiving the benefit of the expense. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

d. Measurement Focus, Basis of Accounting and Basis of Presentation:

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, with certain exceptions.

Property taxes, franchise taxes, licenses, interest, and special assessments have been recognized as revenues of the current fiscal period if received within 60 days of year-end. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

d. **Measurement Focus, Basis of Accounting and Basis of Presentation**, continued:

Other major differences between the modified accrual basis and the accrual basis are:

- Unmatured interest on long-term debt is not recognized until due.
- Compensated absences and claims and judgments are not recognized until the obligations are expected to be liquidated with expendable available resources.
- Capital outlay expenditures are recognized as expenditures when the assets are acquired (depreciation is not recorded).
- Proceeds of long-term borrowing are recognized as an "other financing source" and principal paid is considered an expenditure when paid.
- Purchases of inventory are recognized as expenditures when made, rather than when inventory is consumed.
- Bond issue costs and bond discounts (premiums) are recognized as expenditures (income) when bonds are issued.

The County has the following major governmental funds:

- *General Fund* – This is the County's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.
- *Road Fund* – This fund's purpose is to provide well-maintained roads for the citizens, businesses, industries, and visitors of Lane County.
- *Health and Human Services Fund* – This fund's purpose is to promote and protect the health and well-being of individuals, families, and the communities within Lane County. It encompasses a range of programs that oversee health, mental health, social services, and offender programs predominantly through subcontracts with other agencies.

The County has the following major proprietary funds:

- *Fair Board* – The Fair Board is charged with management and operation of a 55-acre complex consisting of a regional convention facility, major indoor sports facilities, a planetarium and science center, and regional celebration space. Per County Commissioner policy, no General Fund support is allocated to the fairgrounds operation. Capital reinvestment and infrastructure support is provided by taxes on hotel and motel rooms supporting the hospitality industry.
- *Solid Waste Disposal – Operating* – This fund provides 319,000 County residents with waste management services through a network of 17 disposal sites. Waste reduction and recycling programs are managed to conserve resources and prevent waste. Special waste programs are operated to provide for the environmentally responsible management of hazardous wastes.

1. Summary of Significant Accounting Policies, Continued:

d. Measurement Focus, Basis of Accounting and Basis of Presentation, continued:

Additionally, the County reports the following fund types:

- *Internal service funds* account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.
- *Fiduciary funds* – The Clearing Fund is an agency fund that accounts for assets held by the County in a trustee capacity or as an agent on behalf of other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidelines.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds is charges to customers for services. The County also recognizes as operating revenue admissions, concessions, fees and rental of property. Operating expenses for the enterprise funds and internal service funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Summary of Significant Accounting Policies, Continued:

e. Assets, Liabilities and Equity:

- *Cash and Investments* – The County's cash and investments consist of cash on hand, demand deposits and investments.

State statutes authorize the County to invest in obligations of the U.S. Treasury and agencies, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

In addition to federal depository insurance, the County participates in state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, repurchase agreements, and obligations of the U.S. Government, which are exempt from statutes requiring such insurance (see Note 3).

The County's reports, at amortized cost, all short-term highly liquid money market investments (including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations) and participating interest-bearing investment contracts with a remaining maturity at the time of purchase of one year or less. Such investments are stated at amortized cost, increased by the accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method. Investments with a remaining maturity at time of purchase of more than one year are valued at fair value.

For purposes of the statement of cash flows, the County treats the cash and cash equivalents in its entity-wide cash and investment pool as belonging to the General Fund. Cash and cash equivalents include investments in the State of Oregon investment pool and other liquid investments with original maturities of three months or less. Substantially all of the proprietary funds treat their demand deposits as "zero-balance" accounts with balances classified as investments.

- *Receivables and Payables* – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

1. Summary of Significant Accounting Policies, Continued:

e. Assets, Liabilities and Equity, continued:

- *Receivables and Payables*, continued – Property taxes attach as an enforceable lien on July 1 for real and personal property. Taxes are levied July 1 and are payable in three instalments on November 15, February 15 and May 15. Taxes unpaid as of May 16 are considered delinquent. The County levies, collects and distributes property taxes for all taxing jurisdictions within its boundaries. The County considers property taxes to be fully collectible and therefore, no allowance for uncollectible taxes has been made.
- *Inventories and Prepaid Items* – All inventories are valued at the lower of cost or market using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. For proprietary funds, an expense is recognized as the materials and supplies are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

- *Restricted Assets* – The County classifies the following cash and investments as restricted:
 - In the Road Fund, gas tax revenues and interest thereon which are dedicated by state law to street and highway construction and maintenance.
 - In other governmental funds, Title III revenues which have use restrictions under PL 106.393.
 - In other governmental funds, amounts restricted by bond indenture agreements for debt service payments.
 - In the Fair Board Fund, amounts restricted for capital acquisition.

1. Summary of Significant Accounting Policies, Continued:

e. Assets, Liabilities and Equity, continued:

- *Capital Assets* – Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets consist of bridges and culverts, roads, including AC overlays, general construction, oil shots and rights of way.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the County including its blended component units, are depreciated using the straight-line method over the following estimated lives:

	Primary Government
Buildings and related improvements	24-60 years
Certain other improvements	8-20 years
Machinery and equipment	3-10 years
Infrastructure:	
Bridges and culverts	80 years
Roads:	
General construction	40 years
AC overlays	12 years
Oil shots	7 years

- *Compensated Absences* – Vested or accumulated vacation and time management leave is recognized as a noncurrent liability when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability is only recognized when they have matured, i.e. as a result of employee resignations and retirements.

1. Summary of Significant Accounting Policies, Continued:

e. Assets, Liabilities and Equity, continued:

- *Long-term Obligations* – In the government-wide and proprietary fund financial statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- *Leases* – Leases which meet certain criteria established by the Financial Accounting Standards Board are classified as capital leases, and the assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the respective lease term. Leases which do not meet the criteria of a capital lease are classified as operating leases. The County's operating leases are not significant.
- *Net Assets* – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.
- *Fund Equity* – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. Stewardship, Compliance, and Accountability:

Budgetary Information – Legally required budgets are adopted for all funds, except the agency funds, on a modified accrual basis, with the following exception:

- The unrealized change in the fair value of investments is not recognized.

In addition, the County adopts a budget for certain conduit debt obligations which have been excluded from the basic financial statements.

The resolution authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. This resolution establishes appropriations at the department level within each fund. A detailed budget is also prepared, containing more specific detailed information than the above-mentioned expenditure appropriation categories. 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 Budget Committee and the County Commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Commissioners. The County Commissioners made several supplementary budgetary appropriations during the year. Appropriations lapse at fiscal year-end.

Encumbrances are not used at the end of the year to reserve appropriations for the following year. During the year, encumbrances are used for administrative control purposes.

Appropriations Compared to Actual Expenditures and Budget Violations - Expenditures (on a budgetary basis) exceeded appropriations authorized by the Board of County Commissioners as follows:

	<u>Appropriations</u>	<u>Expenditures</u>
General Fund – Public Works	\$ 3,038,592	\$ 3,062,010
Employment Training Fund	7,706,722	7,918,951
Animal Regulation Authority Fund – Management Services	1,087,078	1,090,102
Corrections Commissary Fund – General Expenditures	319,010	333,971

Under Oregon budget law, increases in appropriations exceeding 10% of the amount approved by the budget committee require republication and a new public hearing prior to adoption. For the 2002-2003 budget, the board adopted a budget that exceeded the 10% increase in two separate funds.

3. Cash and Investments:

- a. **Cash on Hand and Deposits:** At year-end, the County's cash on hand and deposits consisted of the following:

	Primary Government	Component Unit HACSA	Reporting Entity Total
Cash on hand	\$ 224,948	\$ 870	\$ 225,818
Deposits:			
Demand deposits	881,752	1,116,621	1,998,373
Total	<u>\$ 1,106,700</u>	<u>\$ 1,117,491</u>	<u>\$ 2,224,191</u>

The entire bank balance of \$3,669,658 relating to the primary government is fully insured by the FDIC or collateralized with securities held by financial institution collateral pool managers in the County's name. At year-end, the County held certificates of participation totaling \$22,000,000.

- b. **Investments:** The County's investments, except for the State of Oregon Investment Pool, are required to be 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 counterparty'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 counterparty, or by its trust department or agent, but not in the County's name. Investments held by the counterparty financial institution in safekeeping are considered to be in risk category 3.

The State of Oregon's investment policies used in administering the Investment Pool are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-Term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and investment of those funds managed, as a prudent investor would do, exercising reasonable care, skill and caution.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, establishes accounting and financial reporting standards for investments in interest-bearing investment contracts, external investment pools, open-ended mutual funds, debt securities, and equity securities that have readily determinable fair values. Except as provided by this Statement, governmental entities are to report investments at fair market value in the statement of net assets, or other statement of financial position. All investment income, including changes in the fair value of investments, are recognized as revenue in the statement of activities or other operating statement, of the fund holding the underlying investments. The equity position of each fund participating in an internal investment pool is reported as assets of those funds.

Notes to the Financial Statements, Continued
June 30, 2002

3. Cash and Investments, Continued:

Total investments (including time deposits) are categorized below. The carrying amount of the investments approximated their fair value.

Primary Government:	Category			Carrying Amount
	1	2	3	
Investments in United States government securities and agency securities, yielding 3.425% to 6.49%, maturing July 2002 through March, 2005.	\$ 87,600,315	\$ -	\$ -	\$ 87,600,315
Investment in the State of Oregon Investment Pool				29,508,210
Total pooled investments				117,108,525
Total cash on hand and deposits				1,106,698
Total cash and investments				\$ 118,215,223

Component Unit:	Category			Carrying Amount
	1	2	3	
Investments with fiscal agent	\$ -	\$ 962,957	\$ -	\$ 962,957
Investments in limited partnerships	-	-	1,626,364	1,626,364
Investments in federal securities	1,200,000	-	-	1,200,000
	\$ 1,200,000	\$ 962,957	\$ 1,626,364	3,789,321

Investments in the State of Oregon Investment Pool				854,455
Total cash on hand and deposits				1,117,489
Total cash and investments				\$ 5,761,265

Cash and investments reported on the statement of net assets as follows:

	Primary Government	Component Unit HACSA	Reporting Entity Total
Equity in pooled cash and investments:			
Unrestricted	\$ 63,669,183	\$ 2,964,076	\$ 66,633,259
Restricted	53,571,552	118,931	53,690,483
Restricted cash and investments – noncurrent	974,488	1,051,894	2,026,382
Investment in limited partnerships	-	1,626,364	1,626,364
	\$ 118,215,223	\$ 5,761,265	\$ 123,976,490

4. Conduit Debt Obligations:

The County has issued bonds to provide financial assistance to private-sector entities for pollution control. The bonds are secured by assignment of all rental payments from the lease agreements, by the unconditional guarantee from the respective companies for payment of the bonds and interest, and by the property constructed by the bond proceeds and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership transfers to the private-sector entity served by the bond issuance. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2002, there were 3 series of pollution control revenue bonds outstanding, with an aggregate principal amount payable of \$25,200,000.

The County has also issued bonds to provide financial assistance to Lane Council of Governments in order to refinance the purchase of a building. The bonds are secured by assignment of all periodic payments from the bond agreements, by the unconditional guarantee from LCOG for payment of the bonds and interest, and by the real property purchased and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership transfers to LCOG. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2002, there was one series of bonds outstanding, with a principal amount payable of \$1,522,500.

Notes to the Financial Statements, Continued
June 30, 2002

5. Capital Assets:

Capital assets activity for the year ended June 30, 2002 was as follows:

Primary Government

Governmental activities:	Beginning Balance		Increases	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 6,842,709	\$ 870,457	\$ -	\$ -	\$ 7,713,166
Capital assets being depreciated:					
Buildings/improvements	85,504,760	7,112,181	(1,724,677)	(8,888,932)	90,892,264
Machinery/equipment	40,139,721	4,046,460	(8,888,932)	(6,218,710)	35,297,249
Infrastructure	226,675,897	12,952,886	(6,218,710)	-	233,410,073
Total capital assets being depreciated	<u>352,320,378</u>	<u>24,111,527</u>	<u>(16,832,319)</u>	<u>-</u>	<u>359,599,586</u>
Less accumulated depreciation for:					
Buildings/improvements	(28,258,348)	(2,330,149)	508,716	(30,079,781)	(30,079,781)
Machinery/equipment	(26,995,681)	(3,134,857)	8,505,545	(21,624,993)	(21,624,993)
Infrastructure	(55,977,559)	(7,249,854)	6,218,710	(57,008,703)	(57,008,703)
Total accumulated depreciation	<u>(111,231,588)</u>	<u>(12,714,860)</u>	<u>15,232,971</u>	<u>(108,713,477)</u>	<u>(108,713,477)</u>
Total capital assets being depreciated, net	<u>241,088,790</u>	<u>11,396,667</u>	<u>(1,599,348)</u>	<u>-</u>	<u>250,886,109</u>
Governmental activities capital assets, net	<u>\$ 247,931,499</u>	<u>\$ 12,267,124</u>	<u>\$ (1,599,348)</u>	<u>\$ -</u>	<u>\$ 258,599,275</u>
Business-type activities:	Beginning Balance		Increases	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,957,815	\$ 116,291	\$ -	\$ -	\$ 2,074,106
Construction in progress	2,414,222	920,346	-	-	3,334,568
Total capital assets not being depreciated	<u>4,372,037</u>	<u>1,036,637</u>	<u>-</u>	<u>-</u>	<u>5,408,674</u>
Capital assets being depreciated:					
Buildings/improvements	26,320,660	326,633	(87,168)	(87,168)	26,560,124
Machinery/equipment	12,028,448	1,325,819	(5,507,713)	(5,507,713)	7,846,554
Total capital assets being depreciated	<u>38,349,108</u>	<u>1,652,452</u>	<u>(5,594,881)</u>	<u>(5,594,881)</u>	<u>34,406,678</u>
Less accumulated depreciation for:					
Buildings/improvements	(9,822,708)	(638,028)	710,473	(9,750,264)	(9,750,264)
Machinery/equipment	(9,802,284)	(900,187)	4,612,377	(6,090,094)	(6,090,094)
Total accumulated depreciation	<u>(19,624,992)</u>	<u>(1,538,215)</u>	<u>5,322,850</u>	<u>(15,840,358)</u>	<u>(15,840,358)</u>
Total capital assets being depreciated, net	<u>18,724,116</u>	<u>114,237</u>	<u>(272,031)</u>	<u>(272,031)</u>	<u>18,566,320</u>
Business-type activities capital assets, net	<u>\$ 23,096,153</u>	<u>\$ 1,150,874</u>	<u>\$ (272,031)</u>	<u>\$ -</u>	<u>\$ 23,974,994</u>

Notes to the Financial Statements, Continued
June 30, 2002

5. Capital Assets, Continued:

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:		
General government	\$	4,504,541
Public safety		466,588
Public works		<u>7,743,731</u>
Total depreciation expense – governmental activities	\$	<u>12,714,860</u>
Business-type activities		
Waste management	\$	223,135
Fair Board		696,001
Information systems		<u>619,079</u>
Total depreciation expense – business-type activities	\$	<u>1,538,215</u>

Discretely Presented Component Unit (HACSA):

	Conventional and Section 8 Programs	Section 8 New Construction and Sec. 236/Housing	Community Development Funds	Total Fixed Assets and Development Costs
Balance, 10-01-00	\$ 29,211,669	\$ 7,738,628	\$ 5,294,025	\$ 42,244,322
Additions	982,728	-	1,781,049	2,763,777
Deletions	-	-	-	-
Balance, 09-30-01	\$ <u>30,194,397</u>	<u>7,738,628</u>	<u>7,075,074</u>	47,008,099
Accumulated depreciation				<u>(15,599,267)</u>
				\$ <u>29,408,832</u>

6. Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill (Short Mountain) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. At June 30, 2002 it was estimated that 14.24% of the ultimate total capacity of the Short Mountain landfill had been used. The \$8,400,019 reported as landfill closure and postclosure care liability at June 30, 2002 represents 14.24% of the total estimated closure and postclosure care costs.

6. Landfill Closure and Postclosure Care Cost, continued:

The County will recognize the remaining estimated cost of closure and postclosure care of \$50,584,981 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2002, related to the expected usable landfill area. The County expects to close the Short Mountain landfill in 2044. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County is using the local government financial assurance test to cover the costs.

In the future, the County may be required by state and federal regulations to make contributions into a trust to finance closure and postclosure care based on certain financial tests.

The County has received approval from the Oregon Department of Environmental Quality for the Short Mountain landfill site development expansion plan, provided the County obtains the necessary permits and approvals from the appropriate regulatory entities. The County has obtained approvals and permits for phase IV of the expansion.

7. Risk Management:

The County has adopted GASB Statement No. 30 (GASB No. 30), which amends GASB Statement No. 10 to require inclusion of specific, incremental claims 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 is applying the provisions of this statement for the year ended June 30, 2002.

The County has established a risk management internal service fund to account for and finance its risk of loss. The County is self-insured for general liability claims, workers' compensation, and unemployment claims.

Notes to the Financial Statements, Continued
June 30, 2002

7. Risk Management, continued:

Coverage for workers' compensation claims in excess of \$350,000 is purchased from commercial insurers. Catastrophic earthquake and flood insurance coverage up to \$50,000,000 is subject to \$250,000 and \$100,000 deductibles, respectively, per occurrence. All other significant risks of loss are covered by the purchase of commercial insurance, which carry deductible amounts ranging between \$25 and \$50,000. Within the past three fiscal years, no settled claims have exceeded insurance coverage levels.

Claims liabilities reported in the County's basic financial statements are based on an actuarial estimate of the ultimate cost of settling claims, including incurred but not reported ("IBNR") claims as of June 30, 2002. Claims liabilities include all incremental costs incurred directly as a result of the 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.

At June 30, 2002, a total claims liability of \$1,991,000 is reported as part of governmental activities in the internal service funds. 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, all known liabilities have been disclosed.

The following changes occurred in the claims liability in the current and previous fiscal year.

Fiscal Year Ending June 30	Liability Balance at Beginning of Year	Current- Year Claims and Changes in Estimates	Claim Payments	Liability Balance at End of Year
2001	\$ 1,712,808	\$ 730,595	\$ 535,403	\$ 1,908,000
2002	\$ 1,908,000	\$ 537,809	\$ 454,809	\$ 1,991,000

Notes to the Financial Statements, Continued
June 30, 2002

8. Long-term Debt:

a. Primary Government:

Governmental activities – The following is a summary of long-term debt transactions for the year ended June 30, 2002:

	Principal			
	Outstanding June 30, 2001	Additions During Year	Matured and Redeemed During Year	Outstanding June 30, 2002
General Obligation Bonds				
Wastewater Service District, interest rates ranging from 4.0% to 5.2%, original issues of \$3,000,000 matured in 1998 and \$13,190,000 maturing through 2002	\$ 1,810,000	\$ -	\$ 1,000,000	\$ 810,000
Juvenile Justice Center Bonds, interest rates ranging from 4.00% to 8.00%, original issue of \$38,940,000; maturing through 2015	30,495,000	-	1,500,000	28,995,000
Pension Series 2002C, interest rates ranging from 2.00% to 7.41%, original issue of \$71,408,377, maturing through 2028	-	71,408,377	259,092	71,149,285
Capital outlay, interest rates ranging from 3.00% to 3.75%, original issue of \$1,030,000, maturing through 2008	-	1,030,000	-	1,030,000
Capital outlay, Fair Board interest rates ranging from 4.00% to 5.00%, original issue of \$7,615,000, maturing through 2022	-	7,615,000	-	7,615,000
Special Obligation Bonds				
Capital outlay, interest rates ranging from 2.75% to 5.25%, original issue of \$4,465,000; maturing through 2008	2,335,000	-	305,000	2,030,000
Capital outlay, interest rates ranging from 4.375% to 5.375%, original issue of \$7,790,000, maturing through 2021	7,790,000	-	355,000	7,435,000
Limited Tax Revenue Bonds				
Limited tax revenue, interest rates ranging from 4.35% to 5.40%, original issue of \$3,350,000; maturing through 2007	1,895,000	-	1,895,000	-
Capital outlay, Fair Board, due in annual variable instalments through December, 2008; interest from 3.70% to 4.40% payable semi-annually; secured by real property	8,225,000	-	8,225,000	-
Capital outlay, interest rates ranging from 4.00% to 5.40%, original issue of \$1,750,000; maturing through 2015	1,410,000	-	70,000	1,340,000
Total bonds payable	53,960,000	80,053,377	13,609,092	120,404,285
Accrued compensated benefits	5,723,732	151,048	-	5,874,780
Arbitrage payable	-	-	-	-
	<u>\$ 59,683,732</u>	<u>\$ 80,204,425</u>	<u>\$ 13,609,092</u>	<u>\$ 126,279,065</u>

Interest			
Outstanding June 30, 2001	Matured During Year	Redeemed During Year	Outstanding June 30, 2002
\$ -	\$ 67,620	\$ 67,620	\$ -
-	1,527,189	1,527,189	-
-	814,499	814,499	-
-	-	-	-
-	125,205	125,205	-
-	116,025	116,025	-
-	556,973	556,973	-
-	72,670	72,670	-
26,731	226,203	252,934	-
-	73,052	73,052	-
26,731	3,579,436	3,606,167	-
190,670	-	53,108	137,562
\$ 217,401	\$ 3,579,436	\$ 3,659,275	\$ 137,562

Notes to the Financial Statements, Continued
June 30, 2002

8. Long-term Debt, Continued:

a. Primary Government, continued:

The Pension Series 2002C general obligation bonds with a balance of \$71,149,285 at June 30, 2002 consist of \$56,555,000 of current interest bonds, interest only at approximately 6.8%, principal payments beginning on June 1, 2020 and \$14,594,285 of deferred interest bonds, principal and interest at effective rates ranging from 4.29% to 7.41%. At June 30, 2002 the deferred interest totalled \$257,547 and is included on the statement of net assets as "accretion on deferred interest bonds."

Business-type activities – The following is a summary of long-term debt transactions for the year ended June 30, 2002:

	Principal			
	Outstanding June 30, 2001	Issued During Year	Redeemed During Year	Outstanding June 30, 2002
FAIR BOARD				
Notes payable to the Eugene Water and Electric Board, payable in monthly payments ranging from \$795 to \$4,746, including interest at 3.0% to 7.0%, final payment due May 2003 through April 2012; unsecured.	\$ 391,772	\$ 160,975	\$ 39,130	\$ 513,617
Note payable, Pacific Continental Bank, due in monthly instalments of \$1,040, including interest at 9.25% through July 2004, secured by equipment.	33,264	-	9,812	23,452
Total notes payable	425,036	160,975	48,942	537,069
Accrued compensated benefits	454,561	37,375	-	491,936
Arbitrage payable	-	-	-	-
	<u>\$ 879,597</u>	<u>\$ 198,350</u>	<u>\$ 48,942</u>	<u>\$ 1,029,005</u>

Interest expense – Total interest expense for the year was \$4,323,258. This consisted of \$2,669,792 which was not allocable to a specific function and \$1,653,466 included as a direct expense (\$1,607,244 in governmental activities and \$46,222 in business-type activities). No interest was capitalized during the year.

Interest			
Outstanding June 30, 2001	Matured During Year	Redeemed During Year	Outstanding June 30, 2002
\$ -	\$ 36,401	\$ 36,401	\$ -
<u>-</u>	<u>2,677</u>	<u>2,677</u>	<u>-</u>
-	39,078	39,078	-
<u>144,671</u>	<u>-</u>	<u>144,671</u>	<u>-</u>
\$ <u>144,671</u>	\$ <u>39,078</u>	\$ <u>183,749</u>	\$ <u>-</u>

8. Long-term Debt, Continued:

b. **Current Refundings:** On February 5, 2002, the County issued \$7,615,000 in Full Faith and Credit Obligations, Series 2002A, dated February 1, 2002, with interest rates ranging from 4.0% to 5.0% and a final maturity of June 1, 2022, to current refund the \$7,480,000 still outstanding on the 1998 Fair Board capital outlay limited tax revenue bonds carrying interest rates ranging from 4.0% to 4.4%. The net proceeds of \$7,455,868 (after payment of \$159,132 in underwriting fees and issuance costs) were combined with \$906,717 in County funds and were used to pay off the old bonds on February 21, 2002, as well as to provide capital financing for improvements at the fairgrounds and to pay costs of issuance. The County refunded the 1998 Fair Board capital outlay limited tax revenue bonds in order to restructure the outstanding debt and to extend the maturity of the obligation. In addition, the County was able to achieve additional flexibility in its Fair Board current cash flows as the result of the release of an old debt reserve associated with the refunded debt, thereby obtaining \$890,500 from proceeds of the refunding bonds for funding sewer improvements at the fairgrounds. As a result of the refunding, the County increased its total debt service payments over the next 20 years by \$4,812,909 and sustained an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$322,148.

On February 5, 2002, the County also issued \$1,030,000 in Full Faith and Credit Obligations, Series 2002B, dated February 1, 2002, with interest rates ranging from 3.0% to 3.75% and a final maturity of November 1, 2007, to current refund the \$1,410,000 outstanding balance on the 1997 capital outlay limited tax revenue bonds carrying interest rates ranging from 5.0% to 5.4%. The net proceeds of \$1,007,999 (after payment of \$22,001 in underwriting fees and issuance costs) were combined with \$417,528 in County funds and were used to pay off the old bonds on February 21, 2002 and to pay costs of issuance. As a result of the refunding, the County reduced its total debt service payments over the next 6 years by \$59,453, and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$9,299.

c. **Discretely Presented Component Unit (HACSA):** The following is a summary of long-term debt transactions for the year ended September 30, 2001.

	Principal			
	Outstanding September 30, 2000	Issued During Year	Redeemed During Year	Outstanding September 30, 2001
Notes payable:				
Banks	\$ 576,026	\$ 1,500,000	\$ 32,704	\$ 2,043,322
City of Eugene	905,302	-	98,169	807,133
State agencies	1,365,994	-	31,664	1,334,330
FHA	877,759	-	48,786	828,973
Other	353,989	536,186	8,202	881,973
Bonds payable:				
Housing Authority revenue bonds	1,210,000	-	30,000	1,180,000
	<u>\$ 5,289,070</u>	<u>\$ 2,036,186</u>	<u>\$ 249,525</u>	<u>\$ 7,075,731</u>

Notes to the Financial Statements, Continued
 June 30, 2002

8. Long-term Debt, Continued:

- d. **Primary Government:** Annual debt service requirements to maturity for bonds are as follows:

Governmental activities –

Fiscal year:	<u>Principal</u>	<u>Interest</u>
2003	\$ 3,565,000	\$ 6,372,971
2004	2,748,685	6,123,662
2005	3,015,521	6,046,285
2006	3,285,567	5,983,067
2007	3,785,050	5,935,608
2008 – 2012	20,141,956	29,462,919
2013 – 2017	18,690,800	30,627,717
2018 – 2022	19,281,706	28,036,016
2023 – 2027	40,690,000	10,744,703
2028	5,205,000	356,885
	<u>\$ 120,404,285</u>	<u>\$ 129,689,833</u>

Notes to the Financial Statements, Continued
June 30, 2002

8. Long-term Debt, Continued:

d. Primary Government, Continued:

Business-type activities –

Fiscal year:	Principal	Interest
2003	\$ 61,399	37,998
2004	57,710	32,941
2005	50,253	28,854
2006	53,045	25,120
2007	57,016	21,149
2008 – 2012	257,646	39,140
	<u>\$ 537,069</u>	<u>185,873</u>

e. Discretely Presented Component Unit (HACSA):

Fiscal year ending September 30:	Banks	City of Eugene	Oregon State Agencies	FHA	Bonds	Other	Total
2002	\$ 1,646,243	\$ 97,460	\$ 102,340	\$ 110,587	\$ 111,446	\$ 66,146	\$ 2,134,222
2003	74,056	42,460	77,840	110,587	109,308	66,146	451,432
2004	74,056	52,460	77,840	110,587	107,150	66,146	488,239
2005	74,056	52,460	77,840	110,587	109,801	66,146	490,890
2006	74,056	52,460	77,840	110,587	112,103	66,146	493,192
Thereafter	424,998	795,954	2,009,277	1,197,138	1,531,117	1,612,444	6,604,293
	2,367,465	1,103,254	2,009,277	1,197,138	2,080,925	1,943,174	10,701,233
Less amount representing interest	(324,143)	(296,121)	(674,947)	(368,165)	(900,925)	(1,061,201)	(3,627,502)
	<u>\$ 2,043,322</u>	<u>\$ 805,133</u>	<u>\$ 674,947</u>	<u>\$ 828,973</u>	<u>\$ 1,180,000</u>	<u>\$ 881,973</u>	<u>\$ 7,075,731</u>

Notes to the Financial Statements, Continued
June 30, 2002

9. Segment Information:

The County maintains enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Corrections Commissary accounts for the activities of the corrections facility inmate commissary. Information Systems accounts for the activities of providing information and technology services for the County and other governmental entities. Summary financial information for these funds for the year ended June 30, 2002 is as follows:

	<u>Corrections Commissary</u>	<u>Information Systems</u>
CONDENSED STATEMENT OF NET ASSETS		
Assets		
Current assets	\$ 349,414	\$ 1,488,018
Capital assets, net of accumulated depreciation	-	1,374,045
Total assets	<u>349,414</u>	<u>2,862,063</u>
Liabilities		
Current liabilities	47,025	537,193
Noncurrent liabilities	-	-
Total liabilities	<u>47,025</u>	<u>537,193</u>
Net assets		
Invested in capital assets	-	1,374,045
Unrestricted	302,389	950,825
Total net assets	<u>\$ 302,389</u>	<u>\$ 2,324,870</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS		
Operating revenues	\$ 345,345	\$ 6,734,896
Depreciation expense	-	(619,079)
Other operating expenses	(333,971)	(6,072,441)
Operating income	<u>11,374</u>	<u>43,376</u>
Nonoperating revenue (expenses):		
Interest income	15,188	52,126
Other	-	(41,392)
Change in net assets	<u>26,562</u>	<u>54,110</u>
Total net assets, June 30, 2001	275,827	2,392,608
Capital transfer	-	(121,848)
Total net assets, June 30, 2002	<u>\$ 302,389</u>	<u>\$ 2,324,870</u>
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	\$ 33,647	\$ 274,084
Capital and related financing activities	-	(1,016,272)
Investing activities	14,297	53,368
Net increase (decrease)	<u>47,944</u>	<u>(688,820)</u>
Cash and equivalents, June 30, 2001	283,364	1,956,715
Cash and equivalents, June 30, 2002	<u>\$ 331,308</u>	<u>\$ 1,267,895</u>

Notes to the Financial Statements, Continued
June 30, 2002

10. Transfers:

Operating transfers are summarized as follows:

From Other Funds	To Other Funds								Special Revenue Total
	General	Parks and Open Spaces	Special Revenue Services	General Road	Animal Regulation Authority	Special Revenue Inter-Governmental Human Services	Health and Human Services		
General Fund	\$ -	\$ -	\$ 5,000	\$ -	\$ 194,006	\$ 446,548	\$ 3,359,389		\$ 4,004,943
Special Revenue Funds:									
Parks and Open Spaces	-	-	-	-	-	-	-	-	-
Special Revenue/Special Service	-	20,532	-	-	-	-	-	-	20,532
Health and Human Services	96,895	-	-	-	-	-	-	-	96,895
County Clerk Records	25,000	-	-	-	-	-	-	-	25,000
Public Land Corner Preservation	-	-	-	956,300	-	-	-	-	956,300
Debt Service:									
Fair Board Bond Retirement	-	-	-	-	-	-	-	-	-
Capital Projects:									
Capital Projects	-	-	-	-	-	-	-	-	-
Bond Retirement	-	-	-	-	-	-	-	-	-
Enterprise Funds:									
Solid Waste Disposal	-	-	-	96,037	-	-	-	-	96,037
Internal Service Fund:									
Motor Pool	-	-	-	-	-	-	-	-	-
Total	\$121,895	\$ 20,532	\$ 5,000	\$1,052,337	\$ 194,006	\$ 446,548	\$3,359,389	\$	\$5,199,707

Debt Service	Enterprise			Internal Service			Total All Funds
Capital Projects Bond Retirement	Fair Board	Solid Waste Disposal - Operating	Enterprise Total	Motor & Equipment Pool	Intergov't Services	Total Internal Service	
\$ 1,194,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,199,402
67,385	-	-	-	-	-	-	67,385
-	-	-	-	60,000	26,523	86,523	107,055
350,000	-	-	-	-	-	-	446,895
-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	956,300
-	386,851	-	386,851	-	-	-	386,851
343,980	-	-	-	-	-	-	343,980
-	-	3,912,000	3,912,000	-	-	-	4,008,037
-	-	300,000	300,000	-	-	-	300,000
<u>\$ 1,955,824</u>	<u>\$ 86,851</u>	<u>\$ 4,212,000</u>	<u>\$ 4,598,851</u>	<u>\$ 60,000</u>	<u>\$ 26,523</u>	<u>\$ 86,253</u>	<u>\$ 11,840,905</u>

11. Interfund Transfers, Receivables and Payables:

At June 30, 2002 there was a long-term \$210,000 advance from the governmental activities (Special Revenue/Service Fund) to the business-type activities (Fair Board Fund). There was also a short-term \$115,000 advance within governmental activities from the internal service funds (Motor Pool Fund) to the special revenue funds (Parks and Open Spaces Fund).

12. Retirement Plan:

- a. **Accounting and Reporting Standards:** GASB Statement No. 27, *Accounting for Pension Plans by State and Local Government Employers*, establishes 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 governmental employers. Employers that participate in agent multiple-employer defined benefit pension plans (agent employers) measure and disclose an amount for annual pension cost on the accrual basis of accounting, regardless of the amount recognized as pension expenditures/expense on the modified accrual or accrual basis. The Annual Required Contribution ("ARC") is defined as the employer's required contributions for the year, calculated in accordance with certain parameters. The parameters include requirements for the frequency and timing of actual valuations, as well as for the actuarial methods and assumptions that are acceptable for financial reporting. When the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are required for financial reporting by both a plan and its participating employers. A Net Pension Obligation ("NPO"), which may be either positive (liability) or negative (asset), is defined as the cumulative difference between annual pension cost and the employer's contributions to a plan, including the pension liability or asset at transition, if any. Starting in 2002, the County began reporting a negative NPO, or net pension asset, on the statement of net assets as the result of a supplemental employer payment made April 1, 2002 against the estimated unfunded actuarial liability with Oregon Public Employees Retirement System ("OPERS").
- b. **Plan Description:** The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members or their beneficiaries. The County is a participating employer in the 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. OPERS is a defined benefit pension plan which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to members or their beneficiaries. County employees are eligible to participate in OPERS after six months of employment. Benefits are established by State statute, and employer contributions are made at the actuarially determined rate as adopted by the Public Employees Retirement Board. OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 73, Portland, Oregon 97207-0073 or by calling (503) 229-5824.

12. Retirement Benefits, Continued:

- c. **Funding Policy:** Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the Public Employees Retirement Board. State statutes also require covered employees to contribute 6% of their annual covered salary to the system. The County's annual required contribution rate was 13.91% of covered payroll from July 2001 through March 2002. The contribution rate was determined as part of the actuarial valuation performed as of December 31, 1999. The Retirement Board reduced the County's contribution rate to 6.34% of covered payroll in April 2002 when a pension bond was issued to finance an estimated unfunded actuarial liability of \$70,258,833. A new actuarial valuation was performed as of December 2001, but the information was not available as of the report date.
- d. **Annual Pension Cost:** All OPERS participating employers are required by law to submit the contributions as adopted by the Retirement Board. For the fiscal year ended June 30, 2002, the County's annual pension expenditures/expense of \$12,227,034 consisted of the employee contribution of \$4,030,291, the annual required contribution of \$8,030,291 (5.66% of covered payroll for employee contributions and 11.28% of covered payroll, respectively) and \$166,052 in amortization of the net pension asset. The County's annual pension cost and net pension asset for the year ended June 30, 2002 were as follows:

Annual required contribution (ARC)	\$ 12,227,034
Interest earned on pension assets	(1,230,022)
Adjustment to the ARC	<u>1,396,074</u>
Annual pension cost	12,393,086
Contributions made	<u>(82,485,867)</u>
Increase in net pension asset (negative NPO)	(70,092,781)
Net pension asset, beginning of year	-
Net pension asset, end of year	<u>\$ (70,092,781)</u>

The County's pension liability and the annual required contribution rate were determined using the entry age actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected annual payroll on an open basis over 26 years. The actuarial assumptions include a rate of return on investment of present and future assets of 8% per year, projected wage growth of 4.25% per year, and cost-of-living adjustments of 2% per year for postretirement benefits. Investment return and projected salary increases include an inflation component of 3.5%.

12. Retirement Benefits, Continued:

d. Annual Pension Cost, Continued:

The actuarial value of OPERS assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses) effective from January 1, 2000 are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

Effective January 1, 1996, the Oregon Legislative Assembly created a second level or "tier" of OPERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 ("Tier Two" members). Future interest credits are assumed at 8.5% for Tier One and 8.0% for Tier Two members.

The following table presents three-year trend information for Lane County's employee pension plan:

	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
June 30, 2000	\$ 8,173,151	\$ 8,173,151	100%	\$ -
June 30, 2001	\$ 8,308,460	\$ 8,308,460	100%	\$ -
June 30, 2002	\$ 12,393,086	\$ 82,485,867	666%	\$ 70,092,781

13. Health Insurance Benefit Plan:

The County provides health insurance benefits to certain retirees. At June 30, 2002 there were 375 retirees receiving benefits under the plan. The plan is funded on a pay-as-you-go basis and the cost of the plan was \$966,314 for the year ended June 30, 2002.

14. Commitments and Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal and state government. Any unforeseen disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. Management believes that adjustments, if any, will not materially affect the County's financial position.

The County is in the process of complying with various federal laws and regulations and has concluded that additional resources will be necessary to fully comply with all federal laws and regulations. However, as of June 30, 2002, the total necessary resources are not determinable.

At year-end the County had construction commitments relating to the new mental health building of \$5,250,000.

During 1994, Lane County entered into an Intergovernmental Agreement with the City of Florence to pay the City \$200,000 per year for payment of debt related to the construction of the City of Florence All Events Center, a new conference and meeting facility. Monies for the City of Florence debt have been appropriated from transient room tax and will continue to be paid annually, up to a total of \$4,000,000, to the extent such funds are available and appropriated from the transient room tax. The payment has been recorded in the Fair Board Bond Retirement Fund, a debt service fund, since transient room tax is appropriated in that fund.

During the August 2002 Lane County Fair, approximately 70 individuals who attended the Fair may have been exposed and infected by E. coli bacteria. Of the 70 individuals, 22 of the children who contracted E. coli bacteria were hospitalized, with 12 developing hemolytic uremic syndrome. Currently one tort claim has been filed; it is unknown if additional claims will be filed. Defense and indemnification claims have been assumed by City County Insurance Services. At this time the potential amount and probability of any future claims cannot be determined.

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

15. Joint Ventures

The County is a participant with the City of Eugene, The City of Springfield, the Eugene Water and Electric Board and the Lane Council of Governments in the Regional Executive Group (REG). The REG is governed by a seven member board consisting of the chief administrative officer of each of the participating governments, plus the County Assessor and the County Sheriff, all of whom have an equal vote in the REG operations. The REG is a joint venture established by intergovernmental agreement to administer and set policy for the Regional Information Service (RIS), the computer center serving the participating governments. Each government is responsible for its share of RIS liabilities and for its proportionate share of any RIS contracts entered into while bound by the intergovernmental agreement.

All RIS financial activity is included in the County Information Services Fund, an internal service fund. The REG does not issue a separate financial report. Participants in the agreement have no explicit, measurable equity interest in the REG, although they do maintain a residual interest in the RIS assets upon dissolution of the joint venture.

The County is also a participant with the City of Eugene and the City of Springfield in the Metropolitan Wastewater Management Commission (MWMC), a joint venture established by intergovernmental agreement to construct, maintain and operate regional sewer facilities. The MWMC consists of a seven member board to which the County appoints two voting members. The County has no explicit, measurable equity interest in the MWMC.

The City of Springfield includes the MWMC as a component unit of its financial reporting entity. Separate financial statements for MWMC can be obtained from the City of Springfield Finance Department.

16. Prior Period Adjustment

Conduit debt was included in the prior financial statements. Conduit debt is not an obligation of the County and therefore, is not included in the County's financial statements. The beginning fund balance of the Enterprise Bond Retirement Fund (an enterprise fund) was adjusted by \$198,025 to close out this fund. There was no effect on net income for the year ended June 30, 2002.

17. Deficit Fund Balance

The Lane County Fair Board consists of two separate funds, an operating fund (Fair Board Fund) and a construction fund (Fairground Construction Fund). Even though the Fair Board is considered a single entity, reported as a blended component unit, these two funds are budgeted separately. The budget basis fund balance of the Fair Board Fund was \$1,007,287 and the fund deficit of the Fairground Construction Fund was \$856,762. The net combined fund deficit for these two funds was \$150,525 at June 30, 2002.

Oregon Public Employee Retirement System (OPERS)
Schedule of Funding Progress
for the year ended June 30, 2002

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability, Entry Age</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll</u>
Dec. 31, 1995	\$ 127,350,153	\$ 154,730,725	\$ 27,380,572	82%	\$ 49,937,939	55%
Dec. 31, 1997	\$ 176,482,990	\$ 216,787,602	\$ 40,304,612	81%	\$ 52,297,987	77%
Dec. 31, 1999	\$ 357,004,984	\$ 397,752,690	\$ 40,747,706	90%	\$ 60,655,330	67%

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Lane County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	Parks and Open Spaces 216	Law Library 222	Special Revenue/ Service 228	Liquor Law Enforcement 231	Public Land Corner Preservation 240	County Schools 241
ASSETS						
Equity in pooled cash and investments:						
Unrestricted	\$ 24,617	\$ 173,624	\$ 2,033,766	\$ 2,958	\$ 889,532	\$ 5,616
Restricted	-	-	-	-	-	-
Receivables:						
Property taxes	-	-	-	-	-	-
Accounts	124,240	23,087	16,802	1,794	4,949	-
Accrued interest	-	1,453	16,891	-	7,987	497
Due from other fund	-	-	210,000	-	-	-
Inventory	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total assets	\$ 148,857	\$ 198,164	\$ 2,277,459	\$ 4,752	\$ 902,468	\$ 6,113
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deficit in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	44,191	12,800	172,054	-	1,494	-
Accrued payroll, withholdings and benefits	32,200	3,634	-	-	-	-
Arbitrage payable	-	-	-	-	-	-
Due to other fund	115,000	-	-	-	-	-
Deferred revenues	77	264	3,193	-	1,496	47
Total liabilities	191,468	16,698	175,247	-	2,990	47
Fund balances (deficit):						
Reserved for:						
Inventories	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Grant programs	-	-	-	-	-	-
Unreserved:						
Designated for special programs	(42,611)	181,466	2,102,212	4,752	899,478	6,066
Total fund balances (deficit)	(42,611)	181,466	2,102,212	4,752	899,478	6,066
Total liabilities and fund balances	\$ 148,857	\$ 198,164	\$ 2,277,459	\$ 4,752	\$ 902,468	\$ 6,113

Special Revenue Funds						
County Clerk Records 244	Employment Training 249	Title III Projects 250	Wastewater Administration and Construction 282	Animal Regulation Authority 283	Intergovernmental Health and Human Services 285	Total
\$ 163,237	\$ -	\$ -	\$ 10,597	\$ 242,950	\$ 557,898	\$ 4,104,795
-	-	1,585,433	-	-	-	1,585,433
-	-	-	-	-	-	-
536	978,777	-	-	531	503,264	1,653,980
1,391	-	33,233	81	1,104	5,620	68,257
-	-	-	-	-	-	210,000
-	-	-	-	-	-	-
-	-	12,909	-	-	-	12,909
<u>\$ 165,164</u>	<u>\$ 978,777</u>	<u>\$ 1,631,575</u>	<u>\$ 10,678</u>	<u>\$ 244,585</u>	<u>\$ 1,066,782</u>	<u>\$ 7,635,374</u>
\$ -	\$ 165,537	\$ -	\$ -	\$ -	\$ -	\$ 165,537
12,633	679,359	-	424	22,243	515,713	1,460,911
-	71,908	-	-	24,911	28,828	161,481
-	-	-	-	-	-	-
-	-	-	-	-	-	115,000
258	-	4,326	15	159	420	10,255
<u>12,891</u>	<u>916,804</u>	<u>4,326</u>	<u>439</u>	<u>47,313</u>	<u>544,961</u>	<u>1,913,184</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,627,249	-	-	-	1,627,249
<u>152,273</u>	<u>61,973</u>	<u>-</u>	<u>10,239</u>	<u>197,272</u>	<u>521,821</u>	<u>4,094,941</u>
<u>152,273</u>	<u>61,973</u>	<u>1,627,249</u>	<u>10,239</u>	<u>197,272</u>	<u>521,821</u>	<u>5,722,190</u>
<u>\$ 165,164</u>	<u>\$ 978,777</u>	<u>\$ 1,631,575</u>	<u>\$ 10,678</u>	<u>\$ 244,585</u>	<u>\$ 1,066,782</u>	<u>\$ 7,635,374</u>

Lane County
Combining Balance Sheet
Nonmajor Governmental Funds, Continued
June 30, 2002

	Debt Service Funds				Total
	Fair Board Bond Retirement 323	Capital Projects Bond Retirement 333	Corrections Bond Retirement 336	Wastewater Bond Retirement 381	
ASSETS					
Equity in pooled cash and investments:					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	162,833	13,728	142,104	936,736	1,255,401
Receivables:					
Property taxes	-	-	241,717	77,861	319,578
Accounts	-	-	-	-	-
Accrued interest	1,655	575	11,373	7,501	21,104
Loans	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted assets:					
Cash and investments	-	578,115	-	-	578,115
Total assets	<u>\$ 164,488</u>	<u>\$ 592,418</u>	<u>\$ 395,194</u>	<u>\$ 1,022,098</u>	<u>\$ 2,174,198</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deficit in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,399	549	-	-	1,948
Accrued payroll, withholdings and benefits	-	-	-	-	-
Arbitrage payable	-	-	-	-	-
Interfund loan	-	-	-	-	-
Deferred revenues	265	-	207,396	69,461	277,122
Total liabilities	<u>1,664</u>	<u>549</u>	<u>207,396</u>	<u>69,461</u>	<u>279,070</u>
Fund balances (deficit):					
Reserved for:					
Inventories	-	-	-	-	-
Debt service	162,824	591,869	187,798	952,637	1,895,128
Grant programs	-	-	-	-	-
Unreserved:					
Designated for special programs	-	-	-	-	-
Total fund balances (deficit)	<u>162,824</u>	<u>591,869</u>	<u>187,798</u>	<u>952,637</u>	<u>1,895,128</u>
Total liabilities and fund balances	<u>\$ 164,488</u>	<u>\$ 592,418</u>	<u>\$ 395,194</u>	<u>\$ 1,022,098</u>	<u>\$ 2,174,198</u>

Capital Projects Funds

<u>Corrections Construction 415</u>	<u>Capital Improvements 435</u>	<u>Animal Regulation Capital Improvements 484</u>	<u>Juvenile Justice Correction 454</u>	<u>Total</u>	<u>Nonmajor Governmental Funds Total</u>
\$ 5,587	\$ 3,070,620	\$ 52,688	\$ 5,086,946	\$ 8,215,841	\$ 12,320,636
-	-	-	-	-	2,840,834
-	-	-	-	-	319,578
-	135	417	-	552	1,654,532
47	34,190	-	42,921	77,158	166,519
-	-	-	-	-	210,000
-	-	-	-	-	-
-	-	-	-	-	591,024
<u>\$ 5,634</u>	<u>\$ 3,104,945</u>	<u>\$ 53,105</u>	<u>\$ 5,129,867</u>	<u>\$ 8,293,551</u>	<u>\$ 18,103,123</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,537
-	364,130	-	24,578	388,708	1,851,567
-	-	-	-	-	161,481
-	-	-	137,562	137,562	137,562
-	-	-	-	-	115,000
9	5,381	122	7,916	13,428	300,805
<u>9</u>	<u>369,511</u>	<u>122</u>	<u>170,056</u>	<u>539,698</u>	<u>2,731,952</u>
-	-	-	-	-	-
-	-	-	-	-	1,895,128
-	-	-	-	-	1,627,249
<u>5,625</u>	<u>2,735,434</u>	<u>52,983</u>	<u>4,959,811</u>	<u>7,753,853</u>	<u>11,848,794</u>
<u>5,625</u>	<u>2,735,434</u>	<u>52,983</u>	<u>4,959,811</u>	<u>7,753,853</u>	<u>15,371,171</u>
<u>\$ 5,634</u>	<u>\$ 3,104,945</u>	<u>\$ 53,105</u>	<u>\$ 5,129,867</u>	<u>\$ 8,293,551</u>	<u>\$ 18,103,123</u>

Lane County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2002

	Parks and Open Spaces 216	Law Library 222	Special Revenue/ Service 228	Liquor Law Enforcement 231	Public Land Corner Preservation 240
Revenues:					
Taxes and assessments	\$ 824,917	\$ -	\$ 1,756,896	\$ -	\$ -
Fees, licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	42,455	-	-	-	-
State	519,777	291,179	267,482	-	-
Local	-	-	10,000	-	-
Charges for services	62,937	4,470	27,797	-	838,648
Fines, forfeitures and penalties	-	-	184,838	14,540	-
Administrative charges	-	-	-	-	-
Investment income	3,042	8,772	100,980	-	48,584
Sale and rental of property	476,653	6,242	87,711	-	-
Total revenues	<u>1,929,781</u>	<u>310,663</u>	<u>2,435,704</u>	<u>14,540</u>	<u>887,232</u>
Expenditures:					
Current:					
General government	-	346,997	454,926	-	-
Public safety	-	-	117,031	12,398	-
Health and safety	-	-	-	-	-
Sanitation services	-	-	-	-	-
Culture and recreation	1,762,955	-	-	-	-
Public works	-	-	-	-	100,067
Education	-	-	-	-	-
Community development	-	-	1,699,166	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	241,150	-	83,729	-	-
Total expenditures	<u>2,004,105</u>	<u>346,997</u>	<u>2,354,852</u>	<u>12,398</u>	<u>100,067</u>
Excess (deficiency) of revenues over expenditures	<u>(74,324)</u>	<u>(36,334)</u>	<u>80,852</u>	<u>2,142</u>	<u>787,165</u>
Other financing sources (uses):					
Refunding bonds	-	-	-	-	-
Operating transfers in	20,532	-	5,000	-	-
Operating transfers out	(67,385)	-	(107,055)	-	(956,300)
Total other financing sources (uses)	<u>(46,853)</u>	<u>-</u>	<u>(102,055)</u>	<u>-</u>	<u>(956,300)</u>
Net change in fund balances	<u>(121,177)</u>	<u>(36,334)</u>	<u>(21,203)</u>	<u>2,142</u>	<u>(169,135)</u>
Fund balances, June 30, 2001	<u>78,566</u>	<u>217,800</u>	<u>2,123,415</u>	<u>2,610</u>	<u>1,068,613</u>
Fund balances (deficits), June 30, 2002	<u>\$ (42,611)</u>	<u>\$ 181,466</u>	<u>\$ 2,102,212</u>	<u>\$ 4,752</u>	<u>\$ 899,478</u>

Special Revenue Funds

County Schools 241	County Clerk Records 244	Employment Training 249	Title III Fund 250	Wastewater Administration and Construction 282	Animal Regulation Authority 283	Intergovernmental Health and Human Services 285	Total
\$ 135,492	\$ 91,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,809,293
-	-	-	-	-	162,906	-	162,906
6,402,953	-	5,360,761	4,446,181	-	-	3,837,677	20,090,027
344,354	-	2,452,172	-	-	142,251	1,071,899	5,089,114
-	-	-	-	-	522,250	1,597,648	2,129,898
-	-	114,339	-	-	42,008	627,454	1,717,653
-	-	-	-	-	6,897	-	206,275
-	-	-	-	-	-	-	-
8,553	6,529	1,769	116,050	486	4,111	24,846	323,722
-	-	-	-	-	12,661	-	583,267
<u>6,891,352</u>	<u>98,517</u>	<u>7,929,041</u>	<u>4,562,231</u>	<u>486</u>	<u>893,084</u>	<u>7,159,524</u>	<u>33,112,155</u>
-	15,970	-	-	-	-	-	817,893
-	-	-	2,743,978	-	-	-	2,873,407
-	-	-	-	-	1,090,102	7,472,343	8,562,445
-	-	-	-	8,104	-	-	8,104
-	-	-	5,775	-	-	-	1,768,730
-	-	-	185,229	-	-	-	285,296
6,885,822	-	-	-	-	-	-	6,885,822
-	-	7,902,745	-	-	-	-	9,601,911
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,681	16,206	-	-	-	-	346,766
<u>6,885,822</u>	<u>21,651</u>	<u>7,918,951</u>	<u>2,934,982</u>	<u>8,104</u>	<u>1,090,102</u>	<u>7,472,343</u>	<u>31,150,374</u>
<u>5,530</u>	<u>76,866</u>	<u>10,090</u>	<u>1,627,249</u>	<u>(7,618)</u>	<u>(197,018)</u>	<u>(312,819)</u>	<u>1,961,781</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	194,006	446,548	666,086
-	(25,000)	-	-	-	-	-	(1,155,740)
-	(25,000)	-	-	-	194,006	446,548	(489,654)
5,530	51,866	10,090	1,627,249	(7,618)	(3,012)	133,729	1,472,127
536	100,407	51,883	-	17,857	200,284	388,092	4,250,063
<u>\$ 6,066</u>	<u>\$ 152,273</u>	<u>\$ 61,973</u>	<u>\$ 1,627,249</u>	<u>\$ 10,239</u>	<u>\$ 197,272</u>	<u>\$ 521,821</u>	<u>\$ 5,722,190</u>

Lane County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds, Continued
for the year ended June 30, 2002

	Debt Service Funds				Total
	Fair Board Bond Retirement 323	Capital Projects Bond Retirement 333	Corrections Bond Retirement 336	Wastewater Bond Retirement 381	
Revenues:					
Taxes and assessments	\$ 921,759	\$ -	\$ 3,024,587	\$ 524,539	\$ 4,470,885
Fees, licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	-	-	121,738	121,738
Fines, forfeitures and penalties	-	-	-	-	-
Administrative charges	-	-	-	-	-
Investment income	60,929	68,447	53,942	40,491	223,809
Sale and rental of property	-	-	-	-	-
Total revenues	<u>982,688</u>	<u>68,447</u>	<u>3,078,529</u>	<u>686,768</u>	<u>4,816,432</u>
Expenditures:					
Current:					
General government	-	6,418	2,506	-	8,924
Public safety	-	-	-	-	-
Health and safety	-	-	-	-	-
Sanitation services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	-	-	-
Community development	140,861	-	-	-	140,861
Debt service:					
Principal	8,225,000	2,625,000	1,500,000	1,000,000	13,350,000
Interest	252,934	818,720	1,527,189	67,620	2,666,463
Capital outlay	-	-	-	-	-
Total expenditures	<u>8,618,795</u>	<u>3,450,138</u>	<u>3,029,695</u>	<u>1,067,620</u>	<u>16,166,248</u>
Excess (deficiency) of revenues over expenditures	<u>(7,636,107)</u>	<u>(3,381,691)</u>	<u>48,834</u>	<u>(380,852)</u>	<u>(11,349,816)</u>
Other financing sources (uses);					
Refunding bonds	7,622,915	1,030,000	-	-	8,652,915
Operating transfers in	-	1,955,824	-	-	1,955,824
Operating transfers out	<u>(386,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,851)</u>
Total other financing sources (uses)	<u>7,236,064</u>	<u>2,985,824</u>	<u>-</u>	<u>-</u>	<u>10,221,888</u>
Net change in fund balances	(400,043)	(395,867)	48,834	(380,852)	(1,127,928)
Fund balances, June 30, 2001	<u>562,867</u>	<u>987,736</u>	<u>138,964</u>	<u>1,333,489</u>	<u>3,023,056</u>
Fund balances, June 30, 2002	<u>\$ 162,824</u>	<u>\$ 591,869</u>	<u>\$ 187,798</u>	<u>\$ 952,637</u>	<u>\$ 1,895,128</u>

Capital Projects Funds					
Corrections Construction 415	Capital Improvements 435	Animal Regulation Capital Improvements 484	Juvenile Justice Construction Fund 454	Total	Total Nonmajor Governmental Funds
\$ -	\$ 144,477	\$ -	\$ -	\$ 144,477	\$ 7,424,655
-	-	-	-	-	162,906
-	-	-	-	-	20,090,027
-	-	-	-	-	5,089,114
-	-	30,000	-	30,000	2,159,898
-	50,000	-	-	50,000	1,889,391
-	-	-	-	-	206,275
-	979,313	-	-	979,313	979,313
259	327,954	1,184	310,362	639,759	1,187,290
-	-	5,300	-	5,300	588,567
<u>259</u>	<u>1,501,744</u>	<u>36,484</u>	<u>310,362</u>	<u>1,848,849</u>	<u>39,777,436</u>
-	969,134	-	-	969,134	1,795,951
-	-	-	62,285	62,285	2,935,692
-	-	122	-	122	8,562,567
-	-	-	-	-	8,104
-	-	-	-	-	1,768,730
-	-	-	-	-	285,296
-	-	-	-	-	6,885,822
-	-	-	-	-	9,742,772
-	-	-	-	-	13,350,000
-	-	-	-	-	2,666,463
-	5,710,043	-	156,250	5,866,293	6,213,059
-	6,679,177	122	218,535	6,897,834	54,214,456
<u>259</u>	<u>(5,177,433)</u>	<u>36,362</u>	<u>91,827</u>	<u>(5,048,965)</u>	<u>(14,437,020)</u>
-	-	-	-	-	8,652,915
-	-	-	-	-	2,621,910
-	(343,980)	-	-	(343,980)	(1,886,571)
-	(343,980)	-	-	(343,980)	9,388,254
259	(5,521,413)	36,362	91,827	(5,392,965)	(5,048,766)
5,366	8,256,847	16,621	4,867,984	13,146,818	20,419,937
<u>\$ 5,625</u>	<u>\$ 2,735,434</u>	<u>\$ 52,983</u>	<u>\$ 4,959,811</u>	<u>\$ 7,753,853</u>	<u>\$ 15,371,171</u>

Lane County
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2002

	Corrections Commissary <u>539</u>	Information Systems <u>552</u>	Total Nonmajor Enterprise Funds <u> </u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 331,308	\$ 1,267,895	\$ 1,599,203
Accounts receivable	15,327	210,467	225,794
Interest receivable	<u>2,779</u>	<u>9,656</u>	<u>12,435</u>
Total current assets	<u>349,414</u>	<u>1,488,018</u>	<u>1,837,432</u>
Noncurrent assets:			
Restricted cash	-	-	-
Capital assets:			
Machinery and equipment	-	3,897,391	3,897,391
Accumulated depreciation	<u>-</u>	<u>(2,523,346)</u>	<u>(2,523,346)</u>
Total noncurrent assets	<u>-</u>	<u>1,374,045</u>	<u>1,374,045</u>
Total assets	<u>\$ 349,414</u>	<u>\$ 2,862,063</u>	<u>\$ 3,211,477</u>
LIABILITIES			
Current liabilities:			
Accounts and warrants payable	\$ 44,052	\$ 211,886	\$ 255,938
Accrued payroll, withholdings and benefits	2,973	325,307	328,280
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>47,025</u>	<u>537,193</u>	<u>584,218</u>
Total liabilities	<u>47,025</u>	<u>537,193</u>	<u>584,218</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	1,374,045	1,374,045
Unrestricted	<u>302,389</u>	<u>950,825</u>	<u>1,253,214</u>
Total net assets	<u>302,389</u>	<u>2,324,870</u>	<u>2,627,259</u>
Total liabilities and net assets	<u>\$ 349,414</u>	<u>\$ 2,862,063</u>	<u>\$ 3,211,477</u>

Lane County
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
for the year ended June 30, 2002

	Corrections Commissary <u>539</u>	Information Systems <u>552</u>	Total Nonmajor Enterprise Funds <u> </u>
Operating revenues:			
Charges for services	\$ 345,345	\$ 6,734,896	\$ 7,080,241
Total operating revenues	<u>345,345</u>	<u>6,734,896</u>	<u>7,080,241</u>
Operating expenses:			
Personal services	33,749	2,955,926	2,989,675
Materials and services	300,222	3,117,860	3,418,082
Depreciation	-	619,079	619,079
Total operating expenses	<u>333,971</u>	<u>6,692,865</u>	<u>7,026,836</u>
Operating income	<u>11,374</u>	<u>42,031</u>	<u>53,405</u>
Nonoperating revenues (expenses):			
Interest income	15,929	56,405	72,334
Other	-	(41,392)	(41,392)
Total nonoperating revenues	<u>15,929</u>	<u>15,013</u>	<u>30,942</u>
Income before transfers and capital contributions	27,303	57,044	84,347
Capital contribution to other funds	<u>-</u>	<u>(120,503)</u>	<u>(120,503)</u>
Change in net assets	27,303	(63,459)	(36,156)
Net assets, June 30, 2001	<u>275,086</u>	<u>2,388,329</u>	<u>2,663,415</u>
Net assets, June 30, 2002	<u>\$ 302,389</u>	<u>\$ 2,324,870</u>	<u>\$ 2,627,259</u>

Lane County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2002

	Corrections Commissary 539	Information Systems 552	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 316,850	\$ 3,875,063	\$ 4,191,913
Receipts from interfund services	14,529	2,823,437	2,837,966
Payments to employees	(32,177)	(2,919,198)	(2,951,375)
Payments to suppliers	(244,014)	(307,776)	(551,790)
Payments for interfund services	(21,541)	(3,198,787)	(3,220,328)
Net cash provided by operating activities	<u>33,647</u>	<u>272,739</u>	<u>306,386</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	(1,016,227)	(1,016,227)
Net cash used by capital and related financing activities	<u>-</u>	<u>(1,016,227)</u>	<u>(1,016,227)</u>
Cash flows from investing activities:			
Interest on investments	14,297	54,668	68,965
Net cash provided by investing activities	<u>14,297</u>	<u>54,668</u>	<u>68,965</u>
Net increase (decrease) in cash and cash equivalents	47,944	(688,820)	(640,876)
Cash and cash equivalents, June 30, 2001	<u>283,364</u>	<u>1,956,715</u>	<u>2,240,079</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 331,308</u>	<u>\$ 1,267,895</u>	<u>\$ 1,599,203</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 11,374	\$ 42,031	\$ 53,405
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	619,079	619,079
(Increase) decrease in accounts receivable	(13,225)	(32,117)	(45,342)
Increase (decrease) in accounts payable	34,667	(388,703)	(354,036)
Increase (decrease) in accrued payroll	1,572	36,728	38,300
Increase (decrease) in deferred revenue	(741)	(4,279)	(5,020)
Net cash provided by operating activities	<u>\$ 33,647</u>	<u>\$ 272,739</u>	<u>\$ 306,386</u>

Lane County
Combining Statement of Net Assets
Internal Service Funds
June 30, 2002

	Self- Insurance 612	Employee Benefits 614	Motor Pool 619
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 2,781,794	\$ 4,726,637	\$ 12,487,755
Accounts receivable	-	-	27,913
Interest receivable	19,105	41,424	104,716
Prepaid expenses	27,955	-	-
Due from other funds	-	-	115,000
Inventories	-	-	326,821
Total current assets	<u>2,828,854</u>	<u>4,768,061</u>	<u>13,062,205</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	-	20,725,534
Accumulated depreciation	-	-	(11,266,072)
Net pension asset	-	70,092,781	-
Unamortized bond issue costs	-	903,779	-
Unamortized bond discount	-	230,793	-
Total noncurrent assets	<u>-</u>	<u>71,227,353</u>	<u>9,459,462</u>
Total assets	<u>\$ 2,828,854</u>	<u>\$ 75,995,414</u>	<u>\$ 22,521,667</u>
LIABILITIES			
Current liabilities:			
Accounts and warrants payable	6,251	128,608	135,836
Accrued payroll, withholdings and benefits	-	311,239	39,714
Interest payable	-	310,449	-
Current maturities of long-term debt	-	-	-
Risk claims liability	1,991,000	-	-
Total current liabilities	<u>1,997,251</u>	<u>750,296</u>	<u>175,550</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	-	71,149,285	-
Accretion on deferred interest bonds	-	257,547	-
Accrued compensated benefits	-	-	115,672
Total noncurrent liabilities	<u>-</u>	<u>71,406,832</u>	<u>115,672</u>
Total liabilities	<u>1,997,251</u>	<u>72,157,128</u>	<u>291,222</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	-	9,459,462
Unrestricted	831,603	3,838,286	12,770,983
Total net assets	<u>\$ 831,603</u>	<u>\$ 3,838,286</u>	<u>\$ 22,230,445</u>

Intergovern- mental Services 627	PC Replacement 653	Total
\$ 285,090	\$ 852,042	\$ 21,133,318
13,356	-	41,269
1,916	7,458	174,619
-	-	27,955
-	-	115,000
32,084	-	358,905
<u>332,446</u>	<u>859,500</u>	<u>21,851,066</u>
1,442,637	12,410	22,180,581
(1,236,419)	(1,870)	(12,504,361)
-	-	70,092,781
-	-	903,779
-	-	230,793
<u>206,218</u>	<u>10,540</u>	<u>80,903,573</u>
\$ <u>538,664</u>	\$ <u>870,040</u>	\$ <u>102,754,639</u>
47,984	22,700	341,379
-	-	350,953
-	-	310,449
-	-	-
-	-	1,991,000
<u>47,984</u>	<u>22,700</u>	<u>2,993,781</u>
-	-	71,149,285
-	-	257,547
-	-	115,672
-	-	71,522,504
<u>47,984</u>	<u>22,700</u>	<u>74,516,285</u>
206,218	10,540	9,676,220
284,462	836,800	18,562,134
\$ <u>490,680</u>	\$ <u>847,340</u>	\$ <u>28,238,354</u>

Lane County

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds**

for the year ended June 30, 2002

	Self- Insurance 612	Employee Benefits 614	Motor Pool 619
	<u>612</u>	<u>614</u>	<u>619</u>
Operating revenues:			
Intergovernmental	\$ -	\$ -	\$ 24,890
Charges for services	785,236	26,372,773	5,401,293
Administrative charges	-	-	60,483
Sale and rental of property	-	-	148,012
Total operating revenues	<u>785,236</u>	<u>26,372,773</u>	<u>5,634,678</u>
Operating expenses:			
Personal services	-	-	1,434,987
Materials and services	1,020,225	25,064,764	2,060,234
Depreciation	-	-	1,617,041
Total operating expenses	<u>1,020,225</u>	<u>25,064,764</u>	<u>5,112,262</u>
Operating income (loss)	<u>(234,989)</u>	<u>1,308,009</u>	<u>522,416</u>
Nonoperating revenues (expenses):			
Interest income	130,109	394,820	676,110
Interest expense	-	(1,385,344)	-
Amortization of bond costs	-	(177,213)	-
Gain (loss) on disposal of capital assets	-	-	32,220
Total nonoperating revenues (expenses)	<u>130,109</u>	<u>(1,167,737)</u>	<u>708,330</u>
Income (loss) before transfers and capital contributions	(104,880)	140,272	1,230,746
Capital contribution from other funds	-	-	-
Transfers in	-	-	60,000
Transfers out	-	-	(300,000)
Change in net assets	(104,880)	140,272	990,746
Net assets, June 30, 2001	<u>936,483</u>	<u>3,698,014</u>	<u>21,239,699</u>
Net assets, June 30, 2002	<u>\$ 831,603</u>	<u>\$ 3,838,286</u>	<u>\$ 22,230,445</u>

Intergovern- mental Services 627	PC Replacement 653	Total
\$ -	\$ -	\$ 24,890
737,390	779,743	34,076,435
-	-	60,483
-	-	148,012
<u>737,390</u>	<u>779,743</u>	<u>34,309,820</u>
-	-	1,434,987
753,741	595,710	29,494,674
73,726	1,870	1,692,637
<u>827,467</u>	<u>597,580</u>	<u>32,622,298</u>
<u>(90,077)</u>	<u>182,163</u>	<u>1,687,522</u>
93,621	39,717	1,334,377
-	-	(1,385,344)
-	-	(177,213)
<u>(9,057)</u>	<u>-</u>	<u>23,163</u>
<u>84,564</u>	<u>39,717</u>	<u>(205,017)</u>
(5,513)	221,880	1,482,505
28,178	356	28,534
26,523	-	86,523
-	-	(300,000)
49,188	222,236	1,297,562
<u>441,492</u>	<u>625,104</u>	<u>26,940,792</u>
<u>\$ 490,680</u>	<u>\$ 847,340</u>	<u>\$ 28,238,354</u>

Lane County
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2002

	Self- Insurance 612
Cash flows from operating activities:	
Receipts from customers and users	\$ 11,532
Receipts from interfund services	770,008
Receipts from property rental	-
Receipts for administrative charges	-
Payments to employees	-
Payments to suppliers/providers	(549,860)
Payments for interfund services	(433,708)
Net cash provided (used) by operating activities	<u>(202,028)</u>
Cash flows from noncapital financing activities:	
Proceeds from issuance of pension bonds	-
Supplemental payment against UAL	-
Bond issuance costs	-
Principal paid on pension bonds	-
Interest paid on pension bonds	-
Interfund loans made	-
Operating transfers in	-
Operating transfers out	-
Net cash provided (used) by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	-
Purchases of capital assets	-
Net cash used by capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>126,366</u>
Net cash provided by investing activities	<u>126,366</u>
Net increase (decrease) in cash and cash equivalents	(75,662)
Cash and cash equivalents, June 30, 2001	<u>2,857,456</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 2,781,794</u>

Employee Benefits 614	Motor Pool 619	Intergovernmental Services 627	PC Replacement 653	Total
\$ 2,088	\$ 168,303	\$ 82,308	\$ -	\$ 264,231
26,353,999	5,211,114	642,657	777,718	33,755,496
-	148,012	-	-	148,012
-	60,483	-	-	60,483
-	(1,427,425)	-	-	(1,427,425)
(14,486,494)	(1,755,841)	(705,357)	(585,641)	(18,083,193)
(11,039,729)	(530,730)	(18,822)	-	(12,022,989)
<u>829,864</u>	<u>1,873,916</u>	<u>786</u>	<u>192,077</u>	<u>2,694,615</u>
71,313,901	-	-	-	71,313,901
(70,258,833)	-	-	-	(70,258,833)
(914,939)	-	-	-	(914,939)
(259,093)	-	-	-	(259,093)
(953,665)	-	-	-	(953,665)
-	(115,000)	-	-	(115,000)
-	60,000	26,523	-	86,523
-	(300,000)	-	-	(300,000)
<u>(1,072,629)</u>	<u>(355,000)</u>	<u>26,523</u>	<u>-</u>	<u>(1,401,106)</u>
-	92,026	-	-	92,026
-	(2,956,576)	(70,789)	(12,054)	(3,039,419)
-	(2,864,550)	(70,789)	(12,054)	(2,947,393)
<u>395,897</u>	<u>664,678</u>	<u>93,096</u>	<u>37,416</u>	<u>1,317,453</u>
<u>395,897</u>	<u>664,678</u>	<u>93,096</u>	<u>37,416</u>	<u>1,317,453</u>
153,132	(680,956)	49,616	217,439	(336,431)
<u>4,573,505</u>	<u>13,168,711</u>	<u>235,474</u>	<u>634,603</u>	<u>21,469,749</u>
<u>\$ 4,726,637</u>	<u>\$ 12,487,755</u>	<u>\$ 285,090</u>	<u>\$ 852,042</u>	<u>\$ 21,133,318</u>

Lane County
Combining Statement of Cash Flows
Internal Service Funds, Continued
for the year ended June 30, 2002

	<u>Self- Insurance 612</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (234,989)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	-
(Increase) decrease in accounts receivable	2,335
(Increase) decrease in prepaid expenses	(27,955)
(Increase) decrease in inventories	-
Increase (decrease) in accounts payable	(3,019)
Increase (decrease) in accrued payroll	(15,369)
Increase (decrease) in risk claims liability	83,000
Increase (decrease) in deferred revenue	<u>(6,031)</u>
Net cash provided (used) by operating activities	<u>\$ (202,028)</u>
Noncash investing, capital, and financing activities:	
Interest expense/accretion on deferred interest bonds	<u>\$ -</u>

<u>Employee Benefits 614</u>	<u>Motor Pool 619</u>	<u>Intergovern- mental Services 627</u>	<u>PC Replacement 653</u>	<u>Total</u>
\$ 1,308,009	\$ 522,416	\$ (90,077)	\$ 182,163	\$ 1,687,522
-	1,617,041	73,726	1,870	1,692,637
-	(10,142)	(11,878)	-	(19,685)
-	-	-	-	(27,955)
-	9,488	3,544	-	13,032
30,394	(235,825)	26,018	10,069	(172,363)
(491,853)	7,562	-	-	(499,660)
-	-	-	-	83,000
<u>(16,686)</u>	<u>(36,624)</u>	<u>(547)</u>	<u>(2,025)</u>	<u>(61,913)</u>
<u>\$ 829,864</u>	<u>\$ 1,873,916</u>	<u>\$ 786</u>	<u>\$ 192,077</u>	<u>\$ 2,694,615</u>
<u>\$ 257,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,547</u>

Lane County
Parks and Opens Spaces Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 803,560	\$ 824,917	\$ 21,357
Intergovernmental:			
Federal	200,000	42,455	(157,545)
State	432,475	519,777	87,302
Local	-	-	-
Charges for services	74,459	62,937	(11,522)
Interest	8,200	3,042	(5,158)
Sale and rental of property	582,130	476,653	(105,477)
Total revenues	<u>2,100,824</u>	<u>1,929,781</u>	<u>(171,043)</u>
Expenditures:			
Public Works:			
Personal services	1,089,290	1,068,660	20,630
Materials and services	652,930	694,295	(41,365)
Capital outlay	391,250	241,150	150,100
	<u>2,133,470</u>	<u>2,004,105</u>	<u>129,365</u>
Contingency	68,977	-	68,977
Total expenditures	<u>2,202,447</u>	<u>2,004,105</u>	<u>198,342</u>
Excess (deficiency) of revenues over expenditures	(101,623)	(74,324)	27,299
Other financing sources (uses):			
Operating transfers in	20,532	20,532	-
Operating transfers out	(74,109)	(67,385)	6,724
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(155,200)	(121,177)	34,023
Fund balance, June 30, 2001	<u>155,200</u>	<u>78,566</u>	<u>(76,634)</u>
Fund balance (deficit), June 30, 2002	<u>\$ -</u>	<u>\$ (42,611)</u>	<u>\$ (42,611)</u>

Lane County
Law Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - State	\$ 300,000	\$ 291,179	\$ (8,821)
Charges for services	9,000	4,470	(4,530)
Interest	10,500	8,772	(1,728)
Sale and rental of property	5,500	6,242	742
	<u>325,000</u>	<u>310,663</u>	<u>(14,337)</u>
Total revenues			
Expenditures:			
County Counsel:			
Personal services	137,924	126,251	11,673
Materials and services	223,496	220,746	2,750
	<u>361,420</u>	<u>346,997</u>	<u>14,423</u>
Contingency	<u>180,051</u>	<u>-</u>	<u>180,051</u>
	<u>541,471</u>	<u>346,997</u>	<u>194,474</u>
Total expenditures			
	<u>541,471</u>	<u>346,997</u>	<u>194,474</u>
Excess (deficiency) of revenues over expenditures	<u>(216,471)</u>	<u>(36,334)</u>	<u>180,137</u>
Fund balance, June 30, 2001	<u>216,471</u>	<u>217,800</u>	<u>1,329</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 181,466</u>	<u>\$ 181,466</u>

Lane County
Special Revenue/Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 1,699,001	\$ 1,756,896	\$ 57,895
Intergovernmental:			
Federal	-	-	-
State	144,876	267,482	122,606
Local	10,000	10,000	-
Charges for services	30,700	27,797	(2,903)
Fines, forfeitures and penalties	170,000	184,838	14,838
Interest	59,512	94,417	34,905
Sale and rental of property (distributions)	182,000	87,711	(94,289)
Total revenues	2,296,089	2,429,141	133,052
Expenditures:			
Public Safety:			
Personal services	3,800	-	3,800
Materials and services	50,737	30,356	20,381
Capital outlay	127,344	12,000	115,344
	181,881	42,356	224,237
Management Services:			
Materials and services	178,850	165,397	13,453
	178,850	165,397	344,247
General:			
Materials and services	2,203,667	2,060,695	142,972
Capital outlay	225,000	71,729	153,271
	2,428,667	2,132,424	4,561,091
District Attorney:			
Materials and services	13,842	1,049	14,891
Youth Services:			
Materials and services	20,381	13,626	34,007
Contingency	1,191,487	-	1,191,487
Total expenditures	4,015,108	2,354,852	6,369,960
Excess (deficiency) of revenues over expenditures	(1,719,019)	74,289	1,793,308
Other financing sources (uses):			
Operating transfers in	5,000	5,000	-
Operating transfers out	(120,532)	(107,055)	13,477
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,834,551)	(27,766)	1,806,785
Fund balance, June 30, 2001	1,834,551	2,123,415	288,864
Fund balance, June 30, 2002	\$ -	2,095,649	\$ 2,095,649
Unrealized gain on investments		6,563	
Fund balance, June 30, 2002, GAAP basis		\$ 2,102,212	

Lane County
 Liquor Law Enforcement Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines, forfeitures and penalties	\$ 13,000	\$ 14,540	\$ 1,540
Expenditures:			
District Attorney:			
Materials and services	13,000	12,398	602
Excess of revenues over expenditures	-	2,142	2,142
Fund balance, June 30, 2001	-	2,610	2,610
Fund balance, June 30, 2002	\$ -	\$ 4,752	\$ 4,752

Lane County
Public Land Corner Preservation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	\$ 755,000	\$ 838,648	\$ 83,648
Interest	60,000	48,584	(11,416)
Total revenues	<u>815,000</u>	<u>887,232</u>	<u>72,232</u>
Expenditures:			
Public Works:			
Materials and services	112,076	100,066	12,010
Contingency	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>412,076</u>	<u>100,066</u>	<u>312,010</u>
Excess of revenues over expenditures	402,924	787,166	384,242
Other financing uses:			
Operating transfers out	<u>(956,300)</u>	<u>(956,301)</u>	<u>(1)</u>
Deficiency of revenues over expenditures and other financing uses	(553,376)	(169,135)	384,241
Fund balance, June 30, 2001	<u>1,018,000</u>	<u>1,068,613</u>	<u>50,613</u>
Fund balance, June 30, 2002	<u>\$ 464,624</u>	<u>\$ 899,478</u>	<u>\$ 434,854</u>

Lane County
 County Schools Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 129,000	\$ 135,492	\$ 6,492
Intergovernmental:			
Federal	6,403,038	6,402,953	(85)
State	354,354	344,354	(10,000)
Charges for services	-	-	-
Interest	16,010	8,553	(7,457)
Total revenues	<u>6,902,402</u>	<u>6,891,352</u>	<u>(11,050)</u>
Expenditures:			
General:			
Materials and services	<u>6,902,938</u>	<u>6,885,822</u>	<u>17,116</u>
Excess (deficiency) of revenues over expenditures	(536)	5,530	6,066
Fund balance, June 30, 2001	<u>536</u>	<u>536</u>	<u>-</u>
Fund balance, June 30, 2002	<u><u>\$ -</u></u>	<u><u>\$ 6,066</u></u>	<u><u>\$ 6,066</u></u>

Lane County
County Clerk Records Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 65,500	\$ 91,988	\$ 26,488
Interest	-	6,529	6,529
Total revenues	<u>65,500</u>	<u>98,517</u>	<u>33,017</u>
Expenditures:			
Management services:			
Materials and services	50,000	15,970	34,030
Capital outlay	-	5,681	(5,681)
Total expenditures	<u>50,000</u>	<u>21,651</u>	<u>28,349</u>
Contingency	83,250	-	83,250
Total expenditures	<u>133,250</u>	<u>21,651</u>	<u>111,599</u>
Excess (deficiency) of revenues over expenditures	<u>(67,750)</u>	<u>76,866</u>	<u>144,616</u>
Other financing uses:			
Operating transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(92,750)</u>	<u>51,866</u>	<u>144,616</u>
Fund balance, June 30, 2001	<u>92,750</u>	<u>100,407</u>	<u>7,657</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 152,273</u>	<u>\$ 152,273</u>

Lane County
Employment Training Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Federal	\$ 5,208,167	\$ 5,360,761	\$ 152,594
State	2,444,778	2,452,172	7,394
Charges for services	-	114,339	114,339
Interest	-	1,769	1,769
Total revenues	<u>7,652,945</u>	<u>7,929,041</u>	<u>276,096</u>
Expenditures:			
Workforce Partnership:			
Personal services	2,794,472	2,637,869	156,603
Materials and services	4,902,250	5,264,876	(362,626)
Capital outlay	10,000	16,206	(6,206)
Total expenditures	<u>7,706,722</u>	<u>7,918,951</u>	<u>(212,229)</u>
Excess (deficiency) of revenues over expenditures	(53,777)	10,090	63,867
Fund balance, June 30, 2001	<u>53,777</u>	<u>51,883</u>	<u>(1,894)</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 61,973</u>	<u>\$ 61,973</u>

Lane County
 Title III Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Federal	\$ 4,353,242	\$ 4,446,181	\$ 92,939
Interest	-	103,141	103,141
Total revenues	<u>4,353,242</u>	<u>4,549,322</u>	<u>196,080</u>
Expenditures:			
General:			
Materials and services	<u>4,353,242</u>	<u>2,934,982</u>	<u>1,418,260</u>
Excess of revenues over expenditures	-	1,614,340	1,614,340
Fund balance, June 30, 2001	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2002	<u>\$ -</u>	1,614,340	<u>\$ 1,614,340</u>
Unrealized gain on investments		12,909	
Fund balance, June 30, 2002, GAAP basis		<u>\$ 1,627,249</u>	

Lane County
Wastewater Administration and Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest	\$ -	\$ 486	\$ 486
Expenditures:			
Metropolitan Wastewater Service District:			
Materials and services	20,952	8,104	12,848
Contingency	8,048	-	8,048
Deficiency of revenues over expenditures	(29,000)	(7,618)	21,382
Fund balance, June 30, 2001	29,000	17,857	(11,143)
Fund balance, June 30, 2002	\$ -	\$ 10,239	\$ 10,239

Lane County
Animal Regulation Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fees, licenses and permits	\$ 135,000	\$ 162,906	\$ 27,906
Intergovernmental:			
State	142,251	142,251	-
Local	522,100	522,250	150
Charges for services	35,000	42,008	7,008
Fines, forfeitures and penalties	-	6,897	6,897
Interest	1,000	4,111	3,111
Sale and rental of property	3,700	12,661	8,961
Total revenues	<u>839,051</u>	<u>893,084</u>	<u>54,033</u>
Expenditures:			
Management Services:			
Personal services	789,239	764,540	24,699
Materials and services	<u>297,839</u>	<u>325,562</u>	<u>(27,723)</u>
Total expenditures	<u>1,087,078</u>	<u>1,090,102</u>	<u>(3,024)</u>
Deficiency of revenues over expenditures	(248,027)	(197,018)	51,009
Other financing sources:			
Operating transfers in	<u>194,006</u>	<u>194,006</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(54,021)	(3,012)	51,009
Fund balance, June 30, 2001	<u>60,840</u>	<u>200,284</u>	<u>139,444</u>
Fund balance, June 30, 2002	<u>\$ 6,819</u>	<u>\$ 197,272</u>	<u>\$ 190,453</u>

Lane County
Intergovernmental Human Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Federal	\$ 4,201,919	\$ 3,837,677	\$ (364,242)
State	1,073,968	1,071,899	(2,069)
Local	1,600,356	1,597,648	(2,708)
Charges for services	521,420	627,454	106,034
Interest	-	24,846	24,846
	<u>7,397,663</u>	<u>7,159,524</u>	<u>(238,139)</u>
Total revenues			
Expenditures:			
Health and Human Services:			
Personal services	826,704	777,681	49,023
Materials and services	7,219,572	6,694,662	524,910
	<u>8,046,276</u>	<u>7,472,343</u>	<u>573,933</u>
Contingency	40,000	-	40,000
	<u>8,086,276</u>	<u>7,472,343</u>	<u>613,933</u>
Total expenditures			
Deficiency of revenues over expenditures	(688,613)	(312,819)	375,794
Other financing sources (uses):			
Operating transfers in	446,550	446,548	(2)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(242,063)	133,729	375,792
Fund balance, June 30, 2001	<u>242,063</u>	<u>388,092</u>	<u>146,029</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 521,821</u>	<u>\$ 521,821</u>

Lane County
Fair Board Bond Retirement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 15,000	\$ 921,759	\$ 906,759
Interest	-	60,929	60,929
Total revenues	<u>15,000</u>	<u>982,688</u>	<u>967,688</u>
Expenditures:			
Materials and services	173,341	140,861	32,480
Debt service:			
Principal	8,225,000	8,225,000	-
Interest	149,559	252,934	(103,375)
Contingency	754,960	-	754,960
Total expenditures	<u>9,302,860</u>	<u>8,618,795</u>	<u>684,065</u>
Deficiency of revenues over expenditures	(9,287,860)	(7,636,107)	1,651,753
Other financing sources (uses):			
Operating transfers out	-	(386,851)	(386,851)
Bond sale proceeds	7,642,400	7,622,915	(19,485)
Deficiency of revenues and other financing sources over expenditures and other financing uses	(1,645,460)	(400,043)	1,245,417
Fund balance, June 30, 2001	<u>1,745,460</u>	<u>562,867</u>	<u>(1,182,593)</u>
Fund balance, June 30, 2002	<u>\$ 100,000</u>	<u>\$ 162,824</u>	<u>\$ 62,824</u>

Lane County
Capital Projects Bond Retirement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Sale and rental of property	\$ 1,456,591	\$ -	\$ (1,456,591)
Interest	6,064	68,447	62,383
Total revenues	<u>1,462,655</u>	<u>68,447</u>	<u>(1,394,208)</u>
Expenditures:			
Materials and services	24,842	6,418	18,424
Debt service:			
Principal	2,910,276	2,625,000	285,276
Interest	1,645,401	818,720	826,681
Contingency	579,895	-	579,895
Total expenditures	<u>5,160,414</u>	<u>3,450,138</u>	<u>1,710,276</u>
Deficiency of revenues over expenditures	(3,697,759)	(3,381,691)	316,068
Other financing sources:			
Bond proceeds	-	1,030,000	1,030,000
Operating transfers in	3,119,644	1,955,824	(1,163,820)
Total other financing sources	<u>3,119,644</u>	<u>2,985,824</u>	<u>(133,820)</u>
Deficiency of revenues and other financing sources over expenditures	(578,115)	(395,867)	182,248
Fund balance, June 30, 2001	<u>578,115</u>	<u>987,736</u>	<u>409,621</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 591,869</u>	<u>\$ 591,869</u>

Lane County
 Corrections Bond Retirement Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes and assessments	\$ 2,929,897	\$ 3,024,587	\$ 94,690
Interest	20,746	53,942	33,196
Total revenues	<u>2,950,643</u>	<u>3,078,529</u>	<u>127,886</u>
Expenditures:			
Materials and services	2,791	2,506	285
Debt service:			
Principal	1,500,000	1,500,000	-
Interest	1,527,189	1,527,189	-
Total expenditures	<u>3,029,980</u>	<u>3,029,695</u>	<u>285</u>
Excess (deficiency) of revenues over expenditures	(79,337)	48,834	128,171
Fund balance, June 30, 2001	<u>79,337</u>	<u>138,964</u>	<u>59,627</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 187,798</u>	<u>\$ 187,798</u>

Lane County
Wastewater Bond Retirement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes and assessments	\$ 502,130	\$ 524,539	\$ 22,409
Charges for services	221,136	121,738	(99,398)
Interest	23,261	40,491	17,230
	<u>746,527</u>	<u>686,768</u>	<u>(59,759)</u>
Total revenues			
Expenditures:			
Debt service:			
Principal	1,000,000	1,000,000	-
Interest	67,620	67,620	-
Contingency	831,060	-	831,060
	<u>1,898,680</u>	<u>1,067,620</u>	<u>831,060</u>
Total expenditures			
Deficiency of revenues over expenditures	(1,152,153)	(380,852)	771,301
Fund balance, June 30, 2001	<u>1,152,153</u>	<u>1,333,489</u>	<u>181,336</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 952,637</u>	<u>\$ 952,637</u>

Lane County
 Corrections Construction Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Federal revenues	\$ -	\$ -	\$ -
Interest	-	259	259
Total revenues	-	259	259
Expenditures:			
General:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	-	259	259
Fund balance, June 30, 2001	-	5,366	5,366
Fund balance, June 30, 2002	\$ -	\$ 5,625	\$ 5,625

Lane County
Capital Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes and assessments	\$ -	\$ 144,477	\$ 144,477
Intergovernmental:			
State	900,000	-	(900,000)
Charges for services	-	50,000	50,000
Administrative charges	-	979,313	979,313
Interest	25,899	314,674	288,775
	<u>925,899</u>	<u>1,488,464</u>	<u>562,565</u>
Management Services:			
Materials and services	1,699,476	969,134	730,342
Capital outlay	8,186,798	5,710,043	2,476,755
	<u>9,886,274</u>	<u>6,679,177</u>	<u>3,207,097</u>
Contingency	314,329	-	314,329
	<u>10,200,603</u>	<u>6,679,177</u>	<u>3,521,426</u>
Deficiency of revenues over expenditures	(9,274,704)	(5,190,713)	4,083,991
Other financing sources:			
Operating transfers in	1,009,902	-	(1,009,902)
Operating transfers out	(344,480)	(343,980)	500
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,609,282)	(5,534,693)	3,074,589
Fund balance, June 30, 2001	<u>8,609,282</u>	<u>8,256,847</u>	<u>(352,435)</u>
Fund balance, June 30, 2002	\$ <u><u>-</u></u>	2,722,154	\$ <u><u>2,722,154</u></u>
Excess of fair value of investments over cost		<u>13,280</u>	
Fund balance, June 30, 2002, GAAP basis		<u><u>\$ 2,735,434</u></u>	

Lane County
 Animal Regulation Capital Improvement Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Local	\$ -	\$ 30,000	\$ 30,000
Interest	1,300	1,184	(116)
Sale and rental of property	5,300	5,300	-
Total revenues	<u>6,600</u>	<u>36,484</u>	<u>29,884</u>
Expenditures:			
Management Services:			
Materials and services	122	122	-
Capital outlay	49,478	-	49,478
Total expenditures	<u>49,600</u>	<u>122</u>	<u>49,478</u>
Excess (deficiency) of revenues over expenditures	(43,000)	36,362	79,362
Fund balance, June 30, 2001	<u>43,000</u>	<u>16,621</u>	<u>(26,379)</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 52,983</u>	<u>\$ 52,983</u>

Lane County
Juvenile Justice Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	-	-	-
Interest	\$ 80,000	\$ 293,690	\$ 213,690
Total revenues	<u>80,000</u>	<u>293,690</u>	<u>213,690</u>
Expenditures:			
General:			
Materials and services	78,168	62,285	15,883
Capital outlay	<u>2,980,000</u>	<u>156,250</u>	<u>2,823,750</u>
	3,058,168	218,535	2,839,633
Contingency	<u>1,021,832</u>	-	<u>1,021,832</u>
Total expenditures	<u>4,080,000</u>	<u>218,535</u>	<u>3,861,465</u>
Excess (deficiency) of revenues over expenditures	(4,000,000)	75,155	4,075,155
Fund balance, June 30, 2001	<u>4,000,000</u>	<u>4,867,984</u>	<u>867,984</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 4,943,139</u>	<u>\$ 4,943,139</u>
Excess of fair value of investments over cost		<u>16,672</u>	
Fund balance, June 30, 2002, GAAP basis		<u>\$ 4,959,811</u>	

Lane County
Fair Board Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 42,000	\$ 43,056	\$ 1,056
Admissions, concessions and fees	2,983,500	1,979,941	(1,003,559)
Amusements	675,000	614,316	(60,684)
Rent	1,250,000	1,044,755	(205,245)
Equipment rental	-	147,578	147,578
Interest	50,000	26,441	(23,559)
Other	395,000	447,651	52,651
Transient room tax	455,000	455,000	-
Total revenues	<u>5,850,500</u>	<u>4,758,738</u>	<u>(1,091,762)</u>
Expenditures:			
Personal services	1,750,000	1,771,030	(21,030)
Materials and services	3,106,114	2,422,543	683,571
Capital outlay	1,190,500	725,379	465,121
Debt service - principal	-	48,943	(48,943)
Debt service - interest	-	-	-
Total expenditures	<u>6,046,614</u>	<u>4,967,895</u>	<u>1,078,719</u>
Deficiency of revenues over expenditures	(196,114)	(209,157)	(13,043)
Other financing sources:			
Proceeds from debt issuance	-	263,060	263,060
Excess (deficiency) of revenues and other financing sources over expenditures	(196,114)	53,903	250,017
Fund balance, June 30, 2001	<u>196,114</u>	<u>953,384</u>	<u>757,270</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 1,007,287</u>	<u>\$ 1,007,287</u>
Fund deficit, June 30, 2002 - Fairground Construction Fund		(856,762)	
Construction in progress		781,793	
Land, improvements, buildings, and equipment		25,855,653	
Accumulated depreciation		(8,452,710)	
Long-term debt		(537,069)	
Loan from other fund		<u>(210,000)</u>	
Net assets, June 30, 2002, GAAP basis		<u>\$ 17,588,192</u>	

Note: The Fair Board Fund and the Fairground Construction Fund budgetary statements collectively constitute the Fair Board enterprise fund in the County's basic financial statements.

Lane County
Fairground Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Transient room tax	\$ 1,077,403	\$ 1,190,610	\$ 113,207
Interest	50,000	-	(50,000)
Total revenues	<u>1,127,403</u>	<u>1,190,610</u>	<u>63,207</u>
Expenditures:			
Capital outlay	3,050,000	431,775	2,618,225
Debt principal payments	745,000	745,000	-
Debt interest payments	332,403	317,282	15,121
Total expenditures	<u>4,127,403</u>	<u>1,494,057</u>	<u>2,633,346</u>
Deficiency of revenues over expenditures	(3,000,000)	(303,447)	2,696,553
Other financing sources:			
Operating transfers in	-	386,851	386,851
Excess (deficiency) of revenues and other financing sources over expenditures	(3,000,000)	83,404	3,083,404
Fund balance (deficit), June 30, 2001	<u>3,000,000</u>	<u>(940,166)</u>	<u>(3,940,166)</u>
Fund balance (deficit), June 30, 2002	<u>\$ -</u>	<u>\$ (856,762)</u>	<u>\$ (856,762)</u>

Lane County
Solid Waste Disposal - Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - Federal	\$ 550,000	\$ -	\$ (550,000)
Intergovernmental - State	32,000	-	(32,000)
Charges for services	10,293,000	10,639,837	346,837
Sale and rental of property	94,200	94,970	770
Interest	562,000	660,208	98,208
	<u>11,531,200</u>	<u>11,395,015</u>	<u>(136,185)</u>
Total revenues			
Expenditures:			
Personal services	4,067,871	3,712,146	355,725
Materials and services	4,958,259	3,584,662	1,373,597
Capital outlay	1,966,620	428,537	1,538,083
Contingency	1,508,150	-	1,508,150
	<u>12,500,900</u>	<u>7,725,345</u>	<u>4,775,555</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(969,700)	3,669,670	4,639,370
Other financing sources (uses):			
Operating transfers in	4,212,000	300,000	(3,912,000)
Operating transfers out	(4,028,000)	(96,037)	3,931,963
	<u>(785,700)</u>	<u>3,873,633</u>	<u>4,659,333</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses			
Fund balance, June 30, 2001	<u>13,188,700</u>	<u>14,317,998</u>	<u>1,129,298</u>
Fund balance, June 30, 2002	<u>\$ 12,403,000</u>	<u>18,191,631</u>	<u>\$ 5,788,631</u>
Excess of fair value of investments over cost		42,283	
Landfill closure and postclosure costs		(8,400,019)	
Land		908,940	
Buildings and improvements		4,387,527	
Equipment		1,431,273	
Construction in progress		2,552,775	
Accumulated depreciation		(4,864,302)	
Accrued interest received more than 60 days after year-end		20,679	
Accrued compensated benefits		(247,295)	
Net assets, June 30, 2002, GAAP basis		<u>\$ 14,023,492</u>	

Lane County
Corrections Commissary Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 292,000	\$ 345,345	\$ 53,345
Interest	<u>12,000</u>	<u>14,665</u>	<u>2,665</u>
Total revenues	<u>304,000</u>	<u>360,010</u>	<u>56,010</u>
Expenditures:			
Personal services	51,108	33,749	17,359
Materials and services	<u>267,902</u>	<u>300,222</u>	<u>(32,320)</u>
Total expenditures	<u>319,010</u>	<u>333,971</u>	<u>(14,961)</u>
Excess (deficiency) of revenues over expenditures	(15,010)	26,039	41,049
Fund balance, June 30, 2001	<u>245,720</u>	<u>275,827</u>	<u>30,107</u>
Fund balance, June 30, 2002	<u>\$ 230,710</u>	301,866	<u>\$ 71,156</u>
Accrued interest received more than 60 days after year-end		<u>523</u>	
Net assets, June 30, 2002, GAAP basis		<u>\$ 302,389</u>	

Lane County
 Enterprise Bond Retirement Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Sale and rental of property	\$ 1,632,411	\$ 1,444,999	\$ (187,412)
Interest	-	11,329	11,329
Total revenues	<u>1,632,411</u>	<u>1,456,328</u>	<u>(176,083)</u>
Expenditures:			
Principal payments	89,583	89,583	-
Interest	<u>1,542,828</u>	<u>1,366,745</u>	<u>176,083</u>
Total expenditures	<u>1,632,411</u>	<u>1,456,328</u>	<u>176,083</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance, June 30, 2001 (as restated)	<u>198,025</u>	<u>-</u>	<u>(198,025)</u>
Fund balance, June 30, 2002	<u>\$ 198,025</u>	<u>\$ -</u>	<u>\$ (198,025)</u>

Note 1: This fund accounts for conduit debt, which is not required to be included in the County's financial statements. However, the terms of the bond indentures require the County to budget for receipts and payments.

Note 2: The beginning fund balance has been restated to correct an error in the prior period. The County has no assets, liabilities, or other obligations related to conduit debt.

Lane County
Information Systems Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 7,657,096	\$ 6,734,896	\$ (922,200)
Interest	<u>58,000</u>	<u>50,253</u>	<u>(7,747)</u>
Total revenues	<u>7,715,096</u>	<u>6,785,149</u>	<u>(929,947)</u>
Expenditures:			
Personal services	3,271,006	2,711,285	559,721
Materials and services	3,250,154	2,971,603	278,551
Capital outlay	2,572,854	1,161,183	1,411,671
Contingency	<u>141,340</u>	<u>-</u>	<u>141,340</u>
Total expenditures	<u>9,235,354</u>	<u>6,844,071</u>	<u>2,391,283</u>
Excess (deficiency) of revenues over expenditures	(1,520,258)	(58,922)	1,461,336
Other financing sources (uses):			
Operating transfers in	37,687	-	(37,687)
Operating transfers out	<u>(37,687)</u>	<u>-</u>	<u>37,687</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,520,258)	(58,922)	1,461,336
Fund balance, June 30, 2001	<u>1,520,258</u>	<u>1,252,516</u>	<u>(267,742)</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>1,193,594</u>	<u>\$ 1,193,594</u>
Accrued compensated benefits		(244,641)	
Machinery and equipment		3,897,391	
Accumulated depreciation		(2,523,346)	
Accrued interest received more than 60 days after year-end		<u>1,872</u>	
Net assets, June 30, 2002, GAAP basis		<u>\$ 2,324,870</u>	

Lane County
 Self-Insurance Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 (Budgetary Basis) - Budget and Actual
 for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	\$ 744,389	\$ 785,236	\$ 40,847
Interest	150,000	119,187	(30,813)
Total revenues	<u>894,389</u>	<u>904,423</u>	<u>10,034</u>
Expenditures:			
General:			
Materials and services	<u>1,299,877</u>	<u>1,020,225</u>	<u>279,652</u>
Contingency	<u>582,754</u>	-	<u>582,754</u>
Total expenditures	<u>1,882,631</u>	<u>1,020,225</u>	<u>862,406</u>
Deficiency of revenues over expenditures	(988,242)	(115,802)	872,440
Fund balance, June 30, 2001	<u>1,000,000</u>	<u>936,483</u>	<u>(63,517)</u>
Fund balance, June 30, 2002	<u>\$ 11,758</u>	820,681	<u>\$ 808,923</u>
Accrued interest received more than 60 days after year-end		3,501	
Excess of fair value of investments over cost		<u>7,421</u>	
Net assets, June 30, 2002, GAAP basis		<u>\$ 831,603</u>	

Lane County
Employee Benefits Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 27,823,960	\$ 26,372,773	\$ (1,451,187)
Interest	275,000	230,019	(44,981)
Total revenues	<u>28,098,960</u>	<u>26,602,792</u>	<u>(1,496,168)</u>
Expenditures:			
General:			
Materials and services	99,076,895	96,472,179	2,604,716
Contingency	2,714,350	-	2,714,350
Total expenditures	<u>101,791,245</u>	<u>96,472,179</u>	<u>5,319,066</u>
Deficiency of revenues over expenditures	(73,692,285)	(69,869,387)	3,822,898
Other financing sources(uses):			
Bond sale proceeds	71,548,377	71,408,377	(140,000)
Operating transfers out	(1,073,092)	(933,013)	140,079
Excess (deficiency) of revenues and over financing sources over expenditures and other financing uses	(3,217,000)	605,977	3,822,977
Fund balance, June 30, 2001	<u>3,217,000</u>	<u>3,698,014</u>	<u>481,014</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>4,303,991</u>	<u>\$ 4,303,991</u>
Unamortized bond issue costs		903,779	
Unamortized bond discount		230,793	
Net pension asset		70,092,781	
Long-term debt		(71,149,285)	
Accretion on deep-discount bonds		(257,547)	
Interest payable		(310,449)	
Accrued interest received more than 60 days after year-end		8,132	
Excess of fair value of investments over cost		16,091	
Net assets, June 30, 2002, GAAP basis		<u>\$ 3,838,286</u>	

Lane County
Motor Pool Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ -	\$ 24,890	\$ 24,890
Charges for services	5,026,358	5,401,293	374,935
Administrative Charges	60,000	60,483	
Interest	610,500	616,493	5,993
Sale and rental of property	130,150	148,012	17,862
Total revenues	<u>5,827,008</u>	<u>6,251,171</u>	<u>423,680</u>
Expenditures:			
Public safety			
Personal services	69,578	76,522	(6,944)
Materials and services	118,045	154,348	(36,303)
Capital outlay	630,000	355,117	274,883
	<u>817,623</u>	<u>585,987</u>	<u>231,636</u>
Public works:			
Personal services	1,422,130	1,242,793	179,337
Materials and services	2,257,869	1,791,955	465,914
Capital outlay	3,397,300	2,613,876	783,424
	<u>7,077,299</u>	<u>5,648,624</u>	<u>1,428,675</u>
Contingency	<u>1,165,323</u>	-	<u>1,165,323</u>
Total expenditures	<u>9,060,245</u>	<u>6,234,611</u>	<u>2,825,634</u>
Excess (deficiency) of revenues over expenditures	(3,233,237)	16,560	3,249,314
Other financing sources (uses):			
Operating transfers in	60,000	60,000	-
Operating transfers out	(300,000)	(300,000)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,473,237)	(223,440)	3,249,314
Fund balance, June 30, 2001	<u>13,956,388</u>	<u>12,723,657</u>	<u>(1,232,731)</u>
Fund balance, June 30, 2002	<u>\$ 10,483,151</u>	<u>12,500,217</u>	<u>\$ 2,016,583</u>
Excess of fair value of investments over cost		40,676	
Machinery and equipment		20,725,534	
Accumulated depreciation		(11,266,072)	
Inventories		326,821	
Accrued interest received more than 60 days after year-end		18,941	
Accrued compensated benefits		(115,672)	
Net assets, June 30, 2002, GAAP basis		<u>\$ 22,230,445</u>	

Lane County
Intergovernmental Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 605,000	\$ 737,390	\$ 132,390
Interest	72,631	93,250	20,619
Total revenues	<u>677,631</u>	<u>830,640</u>	<u>153,009</u>
Expenditures:			
Management services:			
Materials and services	767,631	755,042	12,589
Capital outlay	100,000	65,944	34,056
Total expenditures	<u>867,631</u>	<u>820,986</u>	<u>46,645</u>
Deficiency of revenues over expenditures	(190,000)	9,654	199,654
Other financing sources (uses):			
Operating transfers in	<u>40,000</u>	<u>26,523</u>	<u>(13,477)</u>
Excess (deficiency) of revenues and over financing sources over expenditures and other financing uses	(150,000)	36,177	186,177
Fund balance, June 30, 2001	<u>150,000</u>	<u>215,831</u>	<u>65,831</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>252,008</u>	<u>\$ 252,008</u>
Machinery and equipment		1,442,637	
Accumulated depreciation		(1,236,419)	
Inventories		32,084	
Accrued interest received more than 60 days after year-end		<u>370</u>	
Net assets, June 30, 2002, GAAP basis		<u>\$ 490,680</u>	

Lane County
PC Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
(Budgetary Basis) - Budget and Actual
for the year ended June 30, 2002

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 752,213	\$ 779,743	\$ 27,530
Interest	<u>26,000</u>	<u>38,407</u>	<u>12,407</u>
Total revenues	<u>778,213</u>	<u>818,150</u>	<u>39,937</u>
Expenditures:			
Materials and services	1,159,333	595,354	563,979
Capital outlay	<u>243,880</u>	<u>12,410</u>	<u>231,470</u>
Total expenditures	<u>1,403,213</u>	<u>607,764</u>	<u>795,449</u>
Excess (deficiency) of revenues over expenditures	(625,000)	210,386	835,386
Fund balance, June 30, 2001	<u>625,000</u>	<u>625,104</u>	<u>104</u>
Fund balance, June 30, 2002	<u>\$ -</u>	<u>835,490</u>	<u>\$ 835,490</u>
Machinery and equipment		12,410	
Accumulated depreciation		(1,870)	
Accrued interest received more than 60 days after year-end		<u>1,310</u>	
Net assets, June 30, 2002, GAAP basis		<u>\$ 847,340</u>	

Lane County
 Assessor's Office
 Schedule of Cash Receipts and Turnovers
 for the year ended June 30, 2002

Cash, June 30, 2001		\$	3,350
Receipts			261,777,863
Turnovers:			
County	\$	257,285,471	
Others		<u>4,492,392</u>	
Total turnovers			<u>261,777,863</u>
Cash, June 30, 2002		\$	<u><u>3,350</u></u>

Lane County
Justice of the Peace - Florence, Oregon
Schedule of Cash Receipts and Turnovers
for the year ended June 30, 2002

Cash, June 30, 2001		\$	49,951
Receipts:			
Justice Court fines and fees			447,336
Turnovers:			
County	\$	239,790	
Others		<u>221,547</u>	
Total turnovers			<u>461,337</u>
Cash, June 30, 2002		\$	<u><u>35,950</u></u>

Lane County
Justice of the Peace - Oakridge, Oregon
Schedule of Cash Receipts and Turnovers
for the year ended June 30, 2002

Cash, June 30, 2001		\$	42,111
Receipts:			
Justice Court fines and fees			519,818
Turnovers:			
County	\$	255,664	
Others		<u>266,275</u>	
Total turnovers			<u>521,939</u>
Cash, June 30, 2002		\$	<u><u>39,990</u></u>

Lane County
Justice of the Peace - Central Lane County
Schedule of Cash Receipts and Turnovers
for the year ended June 30, 2002

Cash, June 30, 2001		\$	263,943
Receipts:			
Justice Court fines and fees			3,976,103
Turnovers:			
County	\$	3,154,873	
Others		<u>787,071</u>	
Total turnovers			<u>3,941,944</u>
Cash, June 30, 2002		\$	<u><u>298,102</u></u>

Lane County
County Commissioners
Schedule of Cash Receipts and Turnovers
for the year ended June 30, 2002

Cash, June 30, 2001	\$	500
Receipts		2,228
Turnovers to others		<u>2,228</u>
Cash, June 30, 2002	\$	<u><u>500</u></u>

Lane County
Sheriff - Civil and Criminal
Schedule of Cash Receipts and Turnovers
for the year ended June 30, 2002

Cash, June 30, 2001		\$	30,348
Receipts			6,684,622
Turnovers:			
County	\$	5,221,867	
Others		<u>1,307,003</u>	
Total turnovers			<u>6,528,870</u>
Cash, June 30, 2002		\$	<u><u>186,100</u></u>

Lane County
District Attorney
Schedule of Cash Receipts and Turnovers
 for the year ended June 30, 2002

Cash, June 30, 2001		\$	7,500
Receipts			1,780,639
Turnovers:			
County	\$	1,760,750	
Others		<u>19,889</u>	
Total turnovers			<u>1,780,639</u>
Cash, June 30, 2002		\$	<u><u>7,500</u></u>

Lane County
Schedule of Property Tax Transactions
for the year ended June 30, 2002

Tax Year	Taxes Receivable June 30, 2001	Add Current Levy as Extended by Assessor	Deduct Discounts Allowed	Add Interest on Delinquent Taxes	Deduct Cash Collections	Deduct Corrections and Adjustments	Taxes Receivable June 30, 2002
2001-02	\$ -	\$ 267,100,363	\$ (6,343,954)	\$ 254,966	\$ (246,329,564)	\$ (3,890,794)	\$ 10,791,017
2000-01	10,689,863	-	5,350	696,091	(6,105,705)	(416,469)	4,869,130
1999-00	4,378,579	-	2,065	612,751	(2,626,530)	(115,474)	2,251,391
1998-99	1,880,922	-	1,290	469,647	(1,434,557)	(68,072)	849,230
1997-98	823,978	-	1,013	234,139	(620,292)	(46,687)	392,151
1996-97	246,026	-	839	25,510	(39,559)	(32,891)	199,925
1995-96	132,726	-	-	16,439	(36,958)	(4,634)	107,573
1994-95	-	-	-	-	-	-	-
and prior	1,755,761	-	-	56,632	(92,307)	(6,871)	1,713,215
	<u>19,907,855</u>	<u>-</u>	<u>10,557</u>	<u>2,111,209</u>	<u>(10,955,908)</u>	<u>(691,098)</u>	<u>10,382,615</u>
	<u>\$ 19,907,855</u>	<u>\$ 267,100,363</u>	<u>\$ (6,333,397)</u>	<u>\$ 2,366,175</u>	<u>\$ (257,285,472)</u>	<u>\$ (4,581,892)</u>	<u>\$ 21,173,632</u>

Lane County
Schedule of Property Taxes Receivable by Levy Year by Fund
for the year ended June 30, 2002

<u>Tax Year</u>	<u>Total</u>	<u>General</u>	<u>Debt Service</u>		<u>Agency</u>
			<u>Corrections Bond Retirement</u>	<u>Wastewater Bond Retirement</u>	
2001-02	\$ 10,791,017	\$ 927,016	\$ 127,156	\$ 21,237	\$ 9,715,608
2000-01	4,869,130	414,327	55,389	9,249	4,390,165
1999-00	2,251,391	193,093	29,258	17,511	2,011,529
1998-99	849,230	74,822	11,479	7,414	755,515
1997-98	392,151	33,272	7,144	3,993	347,742
1996-97	199,925	18,198	3,363	1,941	176,423
1995-96	107,573	8,378	2,486	1,202	95,507
1994-95 and prior	<u>1,713,215</u>	<u>123,380</u>	<u>5,442</u>	<u>15,314</u>	<u>1,569,079</u>
	<u>\$ 21,173,632</u>	<u>\$ 1,792,486</u>	<u>\$ 241,717</u>	<u>\$ 77,861</u>	<u>\$ 19,061,568</u>

Lane County
 Schedule of Property Tax Collections by Levy Year by Fund
 for the year ended June 30, 2002

Tax Year	Total	General	Debt Service		Agency
			Corrections Bond Retirement	Wastewater Bond Retirement	
2001-02	\$ 246,329,564	\$ 20,912,237	\$ 2,902,617	\$ 455,234	\$ 222,059,476
2000-01	6,105,705	519,550	69,456	10,840	5,505,859
1999-00	2,626,530	225,268	34,133	19,041	2,348,088
1998-99	1,434,557	126,393	19,391	12,523	1,276,250
1997-98	620,292	52,629	11,300	6,316	550,047
1996-97	39,559	3,601	666	384	34,908
1995-96	36,958	2,878	854	413	32,813
1994-95 and prior	92,307	6,648	293	825	84,541
	<u>\$ 257,285,472</u>	<u>\$ 21,849,204</u>	<u>\$ 3,038,710</u>	<u>\$ 505,576</u>	<u>\$ 231,891,982</u>

LANE COUNTY
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
For the Year Ended June 30, 2002

We have audited the financial statements of Lane County as of and for the year ended June 30, 2002 and our report thereon is included on page 1 of this report. Our audit was made in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Minimum Standards for Audits of Oregon Municipal Corporations.

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

- The legal requirements relating to debt.
- The appropriate laws, rules and regulations, including financial reporting, pertaining to programs funded wholly or partially by other governmental agencies.
- The collateral requirements for public fund deposits specified in ORS Chapter 295, except there was insufficient collateral at one financial institution during the year.
- The legal requirements of ORS 294 pertaining to the investment of public funds.
- The legal requirements of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.
- Cost Accounting Guidelines developed by the State Executive Department.
- The statutory requirements pertaining to the use of road funds (as contained in ORS 294, 368 and 373).
- ORS 294.305 to 294.520 in the preparation and adoption of its budget for the fiscal year ended June 30, 2003 and the execution of its budget for the fiscal year ended June 30, 2002, except as disclosed in the notes to the financial statements.

LANE COUNTY
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS, Continued
For the Year Ended June 30, 2002

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

Additionally, we make the following other comments:

- We found the County's accounting records to be adequate for audit purposes.
- We reviewed the County's insurance and fidelity bond coverage at June 30, 2002, and ascertained such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering County-owned property in force at June 30, 2002 are adequate.



JONES & ROTH
CPAs and Business Consultants

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

**Board of County Commissioners
Lane County, Oregon
Eugene, Oregon**

We have audited the general purpose financial statements of Lane County, Oregon as of and for the year ended June 30, 2002, and have issued our report thereon dated November 26, 2002. 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*, and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lane County, Oregon's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Lane County, Oregon in a separate letter dated November 26, 2002.

Internal Control Over Financial Reporting

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

internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving the internal control over financial reporting that we have reported to management of Lane County, Oregon in a separate letter dated November 26, 2002.

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


Jones & Roth, P.C.

Eugene, Oregon
November 26, 2002



JONES & ROTH
CPAs and Business Consultants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of County Commissioners
Lane County, Oregon
Eugene, Oregon**

Compliance

We have audited the compliance of Lane County, Oregon with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Lane County, Oregon's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lane County, Oregon's management. Our responsibility is to express an opinion on Lane County, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lane County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lane County, Oregon's compliance with those requirements.

In our opinion, Lane County, Oregon complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 2002-1 and 2002-2.

Internal Control Over Compliance

The management of Lane County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lane County, Oregon's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Lane County, Oregon's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. These reportable conditions are described in the accompanying schedule of findings and questioned costs as findings 2002-1 and 2002-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

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


Jones & Roth, P.C.

Eugene, Oregon
November 26, 2002

Schedule of Expenditures of Federal Awards
for the year ended June 30, 2002

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass- Through Grantor's Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Emergency Conservation Program	10.054		\$ 4,533
Conservation Reserve Program	10.069		1,411
Passed through Oregon Department of Education:			
National School Lunch Program	10.555		43,248
Passed through Oregon Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557		880,236
Passed through the State of Oregon:			
Emergency Conservation Program	10.054		1,095
Food Stamp Program	10.561		290,442
Schools and Roads Grants to States (Forest Service Timber Sales)	10.665		<u>25,607,430</u>
Total U.S. Department of Agriculture			<u>26,828,395</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Supportive Housing for Persons with Disabilities	14.181		635,772
Public Housing Drug Elimination	14.854		28,709
Passed through Oregon Economic Development Department:			
Community Development Block Grant/State's Program	14.228		147,153
Passed through Oregon Housing & Community Services Department:			
Emergency Shelter Grants Program	14.231	130400	27,554
Emergency Shelter Grants Program	14.231	130401	170,259
HOME Investments Partnerships Program	14.239	100796	<u>363,413</u>
Total U.S. Department of Housing and Urban Development			<u>1,372,860</u>
U.S. Department of the Interior:			
Direct Programs:			
Bureau of Land Management (O & C Payments)	15.227		18,559,044
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616		<u>37,763</u>
Total U.S. Department of the Interior			<u>18,596,807</u>
U.S. Department of Justice:			
Direct Programs:			
Juvenile Breaking the Cycle	16.560		1,007,398
Local Law Enforcement Block Grants Program	16.592		75,692
Community Prosecution Program	16.609		151,750
Bulletproof Vest Partnership Program	16.607		17,148
Juvenile Mentoring Program (JUMP)	16.726		50,000
Drug-Free Communities Support Program Grants (Drug-Free Community Grants)	16.729		63,830
Passed through Oregon Department of Justice:			
Crime Victim Assistance	16.575		148,222

Schedule of Expenditures of Federal Awards, Continued
for the year ended June 30, 2002

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass- Through Grantor's Number	Expenditures
U.S. Department of Justice, continued:			
Passed through Oregon Department of Human Services (Mental Health Division):			
Enforcing Underage Drinking Laws Program	16.727		\$ 30,000
Passed through Oregon State Police:			
Byrne Formula Grant Program	16.579	99-022	14,734
Violence Against Women Formula Grants	16.588	99-753	54,000
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		326,378
Residential Substance Abuse Treatment for State Prisoners	16.593	97-200	<u>231,256</u>
Total U.S. Department of Justice			<u>2,170,408</u>
U.S. Department of Labor:			
Passed through Oregon Department of Community Colleges and Workforce Development:			
Senior Community Service Employment Program (SCSEP) (Older Worker Program)	17.235		15,783
Workforce Investment Act - Local and Statewide Admin	17.258		
	17.259		
	17.260		601,217
Workforce Investment Act - Adult Program	17.258		1,027,878
Workforce Investment Act - Youth Program	17.259		1,127,957
Workforce Investment Act - Dislocated Worker Program	17.260		<u>2,678,709</u>
Total U.S. Department of Labor			<u>5,451,544</u>
U.S. Department of Transportation:			
Passed through Oregon State Marine Board:			
Boating Safety Financial Assistance	20.005		76,608
Passed through Oregon State Department of Transportation:			
Highway Planning and Construction	20.205		533,320
Motor Carrier Safety Assistance	20.217		28,846
Intensified Speed Enforcement	20.600		<u>5,109</u>
Total U.S. Department of Transportation			<u>643,883</u>
Environmental Protection Agency:			
State Public Water System Supervision	66.432		<u>8,598</u>
U.S. Department of Energy:			
Passed through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042		<u>451,545</u>
Federal Emergency Management Agency:			
Direct Programs:			
Disaster Assistance	83.536		49,261
Hazard Mitigation Plan	83.548		16,500
Emergency Management Performance Grants	83.552		<u>42,597</u>
Total Federal Emergency Management Agency			<u>108,358</u>

Schedule of Expenditures of Federal Awards, Continued
for the year ended June 30, 2002

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass- Through Grantor's Number	Expenditures
U.S. Department of Education:			
Passed through Oregon Department of Human Services (Mental Health Division):			
Safe and Drug-Free Schools and Communities - State Grants	84.186		\$ 137,960
U.S. Department of Health and Human Services:			
Direct Programs:			
Injury Prevention and Control Research and State and Community Based Programs - Domestic Violence Prevention	93.136		4,698
Consolidated Knowledge Development and Application (KD&A) Program - SAMHSA Grant	93.230		624,532
Passed through Oregon Department of Human Services: (Health Division):			
Community Prevention Coalition Demonstration Grants	93.118		114,518
Family Planning - Services	93.217		74,109
Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks	93.229		249,180
Childhood Immunization - non cash assistance	93.268		133,854
Childhood Immunization	93.268		7,415
HIV. Education	93.283		19,638
Child Support Enforcement	93.563		727,331
Community-Based Family Resource and Support Grants	93.590		14,795
Medical Assistance Program (Medicaid; Title XIX)	93.778		340,996
HIV Care Formula Grants	93.917		188,843
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		254,938
Block Grants for Community Mental Health Services	93.958		250,421
Maternal and Child Health Services Block Grant to States	93.994		237,883
Passed through Oregon Department of Human Services (Mental Health Division):			
Temporary Aid to Needy Families	93.558		56,606
Medical Assistance Program (Medicaid; Title XIX)	93.778		180,800
Block Grants for Prevention and Treatment of Substance Abuse	93.959		10,714
Passed through Oregon Commission on Children & Families:			
Family Preservation and Support Services	93.556		65,810
Child Care and Development Block Grant	93.575		108,803
Passed through Oregon Housing & Community Services Department:			
Temporary Aid to Needy Families	93.558		149,454
Low-Income Home Energy Assistance	93.568		2,101,016
Community Services Block Grant	93.569		484,528
Social Services Block Grant - Crisis Nursery	93.667		144,159
Social Services Block Grant - Youth Involvement	93.667		288,089
Total U.S. Department of Health and Human Services			<u>6,833,130</u>
Total Federal Awards			<u>\$ 62,603,488</u>

Notes to Schedule of Expenditures of Federal Awards for the year ended June 30, 2002

1. Purpose of the Schedule:

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to Lane County, Oregon's (the "County") general purpose financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Lane County, Oregon, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues, expenditures and changes of equity of Lane County, Oregon.

2. Significant Accounting Policies:

Reporting Entity: The reporting entity is fully described in Note 1 to the County's general purpose financial statements. The Schedule includes all federal programs administered by the County for the year ended June 30, 2002.

Basis of Presentation: The information in the Schedule is presented in accordance with OMB Circular A-133.

Federal Financial Assistance: Pursuant to the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the County and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs: The Single Audit Act and OMB Circular A-133 establish criteria to be used in defining major programs. Major programs are those programs selected for testing using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Basis of Accounting: Receipts and expenditures are accounted for using the modified accrual basis of accounting. Revenues are recorded when measurable and available, or in the case of grants where expenditure is the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred.

3. Insurance Coverage:

Insurance in effect during the year ended June 30, 2002 is disclosed in the footnotes to the County's general purpose financial statements.

4. Non-Cash Assistance:

A total of \$133,854 was expended in non-cash assistance and is included in federal awards expended.

Schedule Of Findings And Questioned Costs
for the fiscal year ended June 30, 2002

A. Summary of Audit Results:

- (1) The auditors' report expresses an unqualified opinion on the general purpose financial statements of Lane County, Oregon.
- (2) No reportable conditions in internal control were disclosed by the audit of the general purpose financial statements.
- (3) No instances of noncompliance material to the general purpose financial statements were disclosed during the audit.
- (4) Two reportable conditions in internal control were disclosed by the audit of the major federal award programs.
- (5) The auditors' report on compliance for the major federal award programs for Lane County, Oregon expresses an unqualified opinion.
- (6) Audit findings relative to the major federal award programs of Lane County, Oregon are reported in part C of this schedule.
- (7) The programs tested as a major program were:
 - ✓ Distributions of Receipts to State and Local Governments (O&C Timber Sales): CFDA #15.227
 - ✓ Schools and Roads Grants to States (Forest Service Timber Sales): CFDA #10.665
 - ✓ Low-Income Home Energy Assistance: CFDA #93.568
- (8) The threshold for distinguishing between Type A and Type B programs was \$1,878,105.
- (9) Lane County, Oregon did not qualify as a low-risk auditee under §530 of OMB Circular A-133.

B. Findings – Financial Statement Audit:

None

Schedule Of Findings And Questioned Costs, Continued
for the fiscal year ended June 30, 2002

C. Findings and Questioned Costs – Major Federal Award Programs Audit:

2002-1 Finding:

Program: U.S. Department of Health and Human Services: Low-Income Home Energy Assistance; CFDA 93.568; Contract No. 90266; period July 1, 2001 through June 30, 2003.

Reportable condition: The County has an employee who works on more than one grant; payroll and benefits are charged to the grants based on estimates of overall work load. No detail time records exist to support the allocation, however verbal inquiry by the auditors' revealed general concurrence with the allocation.

Criteria: To be allowable, where employees work on multiple activities, distributions of salaries or wages must be supported by personnel activity reports which meet the following criteria (OMB Circular A-87, Attachment B, 11(h)(4) and (5):

- They must reflect an after-the-fact distribution of the actual activity of each employee;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges.

Effect of Condition: Unclear; because costs are not specifically identified with each grant, it is possible that there may be a misallocation of charges between different federal programs.

Recommendation: The employee should keep detailed after-the-fact time records supporting amounts charged to each federal grant or activity.

Auditee Response: The employee referenced in this finding is paid for by three grants, which are the larger part of the Human Services Commission's energy program. Each of the three grants is tracked by separate "deptid" or "orgs" within the County's computer system. Effective immediately, this employee will track and report on her timecard, actual hours worked for each grant.

Schedule Of Findings And Questioned Costs, Continued
for the fiscal year ended June 30, 2002

C. Findings and Questioned Costs – Major Federal Award Programs Audit,
continued:

2002-2 Finding:

Program: U.S. Department of Health and Human Services: Low-Income Home Energy Assistance (LIHEAP); CFDA 93.568; Contract No. 90266; period July 1, 2001 through June 30, 2003.

Reportable condition: The administrator for the Low-Income Home Energy Assistance program charges time to three federal grants: LIHEAP, Residential Energy Assistance Challenge Program (REACH) (also CFDA # 93.568) and Weatherization Assistance (CFDA # 81.042). During the year all paid vacation/sick/personal time was charged to LIHEAP, instead of being allocated based on the percent of time spent on each of the federal programs.

Criteria: OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, Attachment B, paragraph 11h requires payroll costs to be adequately documented and distributed to the appropriate federal program.

Effect: This resulted in an overcharge to LIHEAP of approximately \$1,200 and a corresponding undercharge to the other programs.

Recommendation: Paid compensated absences should be allocated to the programs benefited in the same ratio as actual time spent directly on each program.

Auditee Response: Paid time off is normally charged to each grant based on the amount budgeted. Future paid time off will be charged according to the actual hours worked for each grant. This information will be available as a result of changes implemented in response to finding 2002-1.

Summary Schedule Of Prior Audit Findings
(Follow-up on findings reported June 30, 2001)

Findings – Financial Statement Audit:

None

Findings and Questioned Costs – Major Federal Award Programs Audit:

2001-1: U.S. Department of Health and Human Services: Low-Income Home Energy Assistance; CFDA 93.568; Contract No. CS-99/01 NOA 008A; period 1999-2002.

Recommendation: Input controls should be implemented to ensure the accuracy of data entry into the system.

Current Status: Controls were implemented. No similar findings were noted during the June 30, 2002 audit.

2001-2: U.S. Department of Health and Human Services: Low-Income Home Energy Assistance; CFDA 93.568; Contract No. CS-99/01 NOA 008A; period 1999-2002.

Finding: A sample test of 34 payments revealed 3 subcontractors had not received fee increases in accordance with signed contracts. Also, subcontractors were incorrectly paid because administrative fees were not accurately adjusted for crisis payments on 3 items in the sample.

Recommendation: Controls should be implemented to ensure the accuracy of payment calculations for administrative fees to subcontractors.

Current Status: Controls were implemented. No similar findings were noted during the June 30, 2002 audit.

2001-3: U.S. Department of Health and Human Services: Low-Income Home Energy Assistance; CFDA 93.568; Contract No. CS-99/01 NOA 008A; period 1999-2002.

Finding: Payroll costs were applied to the wrong federal program. Some County employees worked on more than one federal program. In a sample of 13 timesheets, 2 instances were found in which hours from timesheets were allocated incorrectly.

Recommendation: Improve internal controls related to payroll processing.

Current Status: Controls were reviewed and strengthened. In a similar sample test during the June 30, 2002 audit, one instance was noted where an employee was paid for one-half hour more than worked, resulting in an overcharge to the program of \$6.62.

Lane County, Oregon

Annual Disclosure Information

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 740, {240.15c713} (the "Rule"), the County will provide annually the information presented in this section to all NRMSIR's and SIDs, if any. (See Appendix C, "Continuing Disclosure Agreement" in the Official Statement.)

BASIS OF ACCOUNTING

The governmental fund types, expendable trust funds and agency funds are maintained on the modified accrual basis of accounting. The proprietary fund types are accounted for using the accrual basis of accounting. The County's accounting practices conform to generally accepted accounting principles.

FISCAL YEAR

July 1 to June 30

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 – 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The County's audits for the fiscal years 1988-89 through 1997-98 were performed by PricewaterhouseCoopers LLP, Eugene, Oregon. The County's audits for fiscal years 1998-99 through 2001-02 have been performed by Jones & Roth, P.C., Eugene, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables. A complete copy of the County's annual financial statements may be obtained from the County's Management Services Director.

DEBT INFORMATION (Excluding Component Units)

Debt Summary

Outstanding debt, short-term bond anticipation notes and tax anticipation notes	\$	NONE
Long term:		
Gross bonded debt (all debt with a general obligation pledge)		100,144,285
Gross debt, including full faith and credit obligations (STA's)		121,309,285
Net direct debt (all debt paid in whole or in part by taxes)		112,089,285
Full faith and credit obligations (STA's)		9,220,000
Net overlapping debt		424,447,164
Total net direct and overlapping debt		536,536,449
Total net direct, STA's and net overlapping debt		545,756,449

Note: STA = Subject to Appropriation Obligations.

Debt Ratios

	Values	Per Capita	Real Market Value	
2000 population	322,959	-	-	
2001-02 real market value	\$ 22,850,101,193	\$ 70,752	100.00	%
Gross bonded debt	\$ 100,144,285	\$ 310	0.44	%
Gross debt, including STA's	\$ 121,309,285	\$ 376	0.53	%
Net direct debt (G.O. only)	\$ 100,144,285	\$ 310	0.44	%
Net direct (G.O.) and overlapping debt	\$ 536,536,449	\$ 1,661	2.35	%
Gross (all) and overlapping debt	\$ 545,756,449	\$ 1,690	2.39	%

Debt Limitations

ORS 287.054 limits indebtedness for general obligation bonds by counties to two percent of the latest true cash value of the County, subject to voter authorization. As provided in ORS 287.165(3), tax anticipation notes are not subject to general obligation debt limits.

2001-02 RMV	\$ 22,850,101,193
Debt limitation (2.00% of RMV)	457,002,024
Applicable bonded debt	100,144,285
Debt margin	356,857,739
Percent of limit issued	21.913 %

Debt Authorization

Full Faith and Credit Obligation Bonds, Series 2002A issued to current refund the 1998 Municipal Loan Agreement, finance capital improvements at the County fairgrounds and pay the costs of issuance were authorized by Order No. 02-1-9-3, adopted by the Board on January 9, 2002.

Full Faith and Credit Obligation Bonds, Series 2002B issued to current refund the 1997 Municipal Loan Agreement and pay the costs of issuance were authorized by Order No. 02-1-9-3, adopted by the Board on January 9, 2002.

Limited Tax Pension Pool Bond, Series 2002 issued to finance the County's pension liability to the Oregon Public Employees Retirement System were authorized by Order No. 02-2-13-9, adopted by the Board on March 15, 2002.

Debt Management

The County has not defaulted on any debt obligation and has not used bond proceeds for operational purposes.

Future Debt Plans:

The Board of County Commissioners placed six general obligation bond measures on the November 2002 general election ballot.

TABLE 3 – Outstanding Obligations

	Date Issued	Maturity Date	Amount Issued	Amount Outstanding
General Obligation Bonds				
Juvenile Justice Center, Series 1995	10/01/95	06/01/15	\$ 38,940,000	\$ 28,995,000
Wastewater Service District			16,190,000	810,000
Limited Tax Pension Obligation, Series 2002A	03/28/02	06/01/20	14,853,377	14,594,285
Limited Tax Pension Obligation, Series 2002B	03/15/02	06/01/28	<u>56,555,000</u>	<u>56,555,000</u>
Total – GO Bonds			\$ <u>126,538,377</u>	\$ <u>100,954,285</u>
Full Faith and Credit (FF&C) Obligations or Limited Tax Bonds Paid from Tax Sources				
Full faith and credit obligations, Series 2000	11/01/00	11/01/20	\$ 7,790,000	\$ 7,435,000
Full faith and credit obligations, Series 2002B	02/01/02	06/01/08	1,030,000	1,030,000
Subject to annual appropriation				
Special obligations	03/01/93	03/01/08	4,465,000	2,030,000
Limited tax revenue bonds, Series 1995	06/01/95	06/01/15	<u>1,750,000</u>	<u>1,340,000</u>
Total – FF&C (subject to annual appropriation)			\$ <u>15,035,000</u>	\$ <u>11,835,000</u>
NET DIRECT DEBT			\$ <u>141,573,377</u>	\$ <u>112,789,285</u>
Self-Supporting Full Faith & Credit Obligations or Limited Tax Bonds (Paid from Non-Tax Sources)				
Full faith and credit obligations, Series 2002A	02/01/02	06/01/22	\$ <u>7,615,000</u>	\$ <u>7,615,000</u>
GROSS DIRECT DEBT			\$ <u>149,188,377</u>	\$ <u>120,404,285</u>
Pollution Control Bonds (NOT paid from County Revenues. Several private entities are solely responsible for the repayment of this debt)				
Pollution Control Bonds, Series 1992	07/01/92	07/01/09	\$ 11,600,000	\$ 11,600,000
Pollution Control Bonds, Series 1994A	08/10/94	04/01/05	6,500,000	6,500,000
Pollution Control Bonds, Series 1994B	12/01/94	12/01/24	<u>7,100,000</u>	<u>7,100,000</u>
Total – Pollution Control Bonds			\$ <u>25,200,000</u>	\$ <u>25,200,000</u>
TOTAL (NEITHER NET OR DIRECT DEBT)				\$ <u>25,200,000</u>

Retirement of the Pollution Control bonds began in April 1985. The County has assigned its rights and obligations to banks as trustees. These revenue bonds create no obligation against the general tax revenues or other assets of the County. Payment of principal and interest comes solely from the revenues generated by the financed facilities (privately owned), which are owned by Weyerhaeuser Corporation and Southwest Forest Industries, and each financed facility is the security for the bonds in the event of default.

LEASES AND CONTRACTS

As of June 30, 2002, the County did not have any outstanding lease agreements. The total expense for fiscal year 2001-02 was \$83,206.

ACCRUED COMPENSATION FOR ABSENCES

As of June 30, 2002, the County's accrued liability for compensation for absences was \$10,340,711.

Note: General Fund revenues are payable by annual appropriations only. Source: Lane County.

TAX INFORMATION

TABLE 4 – Tax Collection Record

Fiscal Year	Value to Compute Rate	Percent Change	Total Levy (1)	Percent Change	Percent Tax Rate /\$1,000	Percent Collected Year Levy (2)	Collected June 30, 2001
1989-90	7,544,510,887		11,298,870		1.4896	92.91%	N/A
1990-91	8,475,090,013	12.33 %	11,846,338	4.85 %	1.4000	93.09%	N/A
1991-92	9,757,925,023	15.14 %	12,177,575	2.80 %	1.2368	93.64%	N/A
1992-93	10,519,188,670	7.80 %	12,026,514	(1.24)%	1.1371	94.69%	N/A
1993-94	11,861,600,086	12.76 %	14,760,217	22.73 %	1.2627	95.56%	N/A
1994-95	13,447,845,533	13.37 %	15,274,024	3.48 %	1.1357	95.64%	99.84%
1995-96	14,560,245,605	8.27 %	19,836,473	29.87 %	1.3623	95.97%	99.91%
1996-97	16,059,910,852	10.30 %	23,319,706	17.56 %	1.4520	95.85%	99.86%
1997-98	13,951,289,444	(13.13)%	21,316,175	(8.59)%	1.5279	95.92%	99.53%
1998-99	14,611,215,135	4.73 %	21,251,959	(0.30)%	1.4545	95.89%	99.01%
1999-00	15,470,169,278	5.88 %	22,754,198	7.07 %	1.4460	95.69%	97.99%
2000-01	16,552,068,130	6.99 %	24,190,979	6.31 %	1.4408	95.73%	95.73%
2001-02	17,837,561,859	7.76 %	26,092,931	7.86 %	1.4391	95.90%	95.90%
	Compounded Annual Rate of Change	7.68 %		7.70 %			

(1) The levy used in this table has been adjusted by certain offsets before calculation of the tax rate.

(2) Does not include interest, therefore the percentage cannot exceed 100%. "Percent Collected" is for the County as a whole.

Source: Derived from current and prior years' financial statements. Lane County Assessor's Office.

Impact of Tax Limitation on Lane County Budget

Lane County's General Fund tax base for 2001-02 is less than \$22 million, which is 21 percent of the General Fund budget, about 9.8 cents of each tax dollar paid by the average Lane County taxpayer. This includes money from two previous serial levies for corrections and extension services rolled into the tax base by ballot measure 47/50. Loss under Ballot Measure 5 for 2001-02 was \$190. One of the primary reasons for the small impact on the County's budget is that compression under Ballot Measure 5 occurs on a code area basis, and compression occurs in only a few tax code areas in the County. Also mitigating the compression is the improved tax collection rate. The number of delinquent taxpayers has declined steadily, due to the high penalty and interest costs and improved economic conditions. See Table 4 "Tax Collection Record."

The voters of the State of Oregon passed Measure 47 in November 1996. The voters also passed Measure 50 in May, 1997, which amended specific portions of Measure 47. Taxes are based upon the lower of Real Market Value or Maximum Assessed Value. The resulting law has the following features:

- Reduced the 1997-98 Assessed Value (taxable value) of each property to 90% of the 1995-96 value.
- Limits future growth on Assessed Value to 3% each year.
- Assessed Value is increased for new construction, remodeling, new subdivisions and rezoning.
- Establishes permanent tax rates for all local districts that include the existing tax bases and serial levies.
- All new short-term local option levies must be approved at a general election or an election with at least a 50% voter turnout.

The effect of compression on the County's operating and serial levy revenues since passage of the Measure 5 tax limitation is shown below:

Fiscal Year	Taxes Imposed*	Loss Due to Tax Limitation	Percent Loss
1991-92	\$ 11,076,832	\$ 11,098	0.10 %
1992-93	\$ 11,285,776	\$ 13,471	0.12 %
1993-94	\$ 14,273,366	\$ 2,308	0.02 %
1994-95	\$ 14,648,919	\$ 1,869	0.01 %
1995-96	\$ 15,393,196	\$ 1,737	0.01 %
1996-97	\$ 19,726,843	\$ 1,232	0.01 %
1997-98	\$ 17,535,376	\$ 89	0.01 %
1998-99	\$ 18,388,214	\$ 51	0.00 %
1999-00	\$ 19,408,874	\$ 140	0.01 %
2000-01	\$ 21,004,574	\$ 323	0.01 %
2001-02	\$ 22,541,327	\$ 190	.01 %

* Includes General Fund tax base. Does not include bond levies.

TABLE 5 – 2001-02 Representative Consolidated Tax Rate for Code Area 4-00

District	Tax Rate for Operations	Tax Rate for Bonds (Not Subject to Compression)	Post Compression Total
Total schools	\$ 7.0908	\$ 0.9724	\$ 8.0632
Total local government	8.9528	0.7166	9.6694
Totals	<u>\$ 16.0436</u>	<u>\$ 1.689</u>	<u>\$ 17.7326</u>

The 2001-02 value to compute tax rate code area 4-00 was \$7,088,637,310, which was approximately 38.2% of the value of the County, and is the code area with the highest value in the County.

Source: Lane County Assessor's Office

FINANCIAL INFORMATION

Investments

ORS 294 authorizes the County to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, certificates of deposit, bankers' acceptances (guaranteed by an Oregon financial institution), corporate debt, repurchase agreements, State of Oregon Local Government Investment Pool and various interest-bearing bonds of municipalities. The County invests its own operating funds and debt proceeds. It also invests funds for other governments within the County who either have County-collected taxes and timber sale revenues pending distribution or who have the County serve as paying agent for its bonds.

Specifically, the County does not borrow on its portfolio and all borrowing must be approved by the Board. The County may only hold investments which mature no more than three years from the date of purchase and holds most investments to maturity. The County has three layers of investment policies and has oversight by its investment Advisory Group and by the Finance and Audit Committee. Lane County buys no derivatives or instruments with a variable rate.

TABLE 6 – Investments as of June 30, 2002

	Market Value
Municipal Bond	230,000
U.S. Government securities	87,370,315
Investment in State Treasurer's Investment Pool	<u>29,508,210</u>
Total investments	<u>\$ 117,108,525</u>

Source: Lane County

TABLE 7 – Five-Year General Fund Consecutive Balance Sheet (GAAP Basis)

As of June 30	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Assets	\$ 10,540,317	\$ 12,475,894	\$ 8,938,845	\$ 5,929,017	\$ 6,813,222
Cash and investments					
Receivables:					
Taxes	754,663	1,432,586	1,524,691	1,672,030	1,792,486
Accounts	423,718	482,840	673,538	2,641,159	3,032,682
Interest	539,722	259,566	185,575	58,206	67,130
Other	-	-	15,761	1,993	-
Total assets	\$ 12,258,420	\$ 14,650,886	\$ 11,338,410	\$ 10,302,405	\$ 11,940,893
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 1,114,982	\$ 1,428,441	\$ 1,003,245	\$ 1,380,390	\$ 2,105,358
Payroll	1,516,774	1,785,798	1,010,982	1,395,240	1,628,063
Amounts held in trust	-	-	272,334	-	-
Deferred revenue	727,702	1,488,972	1,455,619	1,476,414	1,548,434
Total liabilities	3,359,458	4,703,211	3,742,180	4,252,044	5,281,855
Fund equity, undesignated	8,898,962	9,947,675	7,596,230	6,050,361	6,659,038
Total liabilities and fund equity	\$ 12,258,420	\$ 14,650,886	\$ 11,338,410	\$ 10,302,405	\$ 11,940,893

TABLE 8 – Five-Year General Fund Consecutive Statement of Revenue & Expenditures (GAAP Basis)

As of June 30	1998	1999	2000	2001	2002
Revenues:					
Property taxes	\$ 9,630,101	\$ 19,087,469	\$ 20,019,535	\$ 21,467,284	\$ 3,276,805
Licenses and permits	2,193,186	1,654,512	1,684,691	1,453,039	1,617,856
Intergovernmental:					
Federal	13,824,371	15,352,236	15,661,395	14,734,809	21,704,862
State	7,918,207	10,575,840	12,386,493	13,937,909	13,637,142
Local	1,021,932	1,124,083	1,481,341	1,668,509	2,028,586
Charges for services	2,630,395	9,430,028	10,295,505	10,792,224	11,790,281
Fines, forfeitures and penalties	2,901,652	2,969,985	3,172,369	3,028,847	3,097,504
Sale and rental of property	664,627	846,098	1,056,797	985,776	1,112,501
Administrative revenues	9,069,963	5,707,189	6,091,775	10,853,281	13,178,097
Investment revenues	682,546	654,107	763,157	813,135	385,622
Miscellaneous revenues	1,884,461	-	-	-	-
Total revenues	52,421,441	67,401,547	72,613,058	79,734,813	91,829,258
Expenditures:					
General Government	8,960,991	-	-	-	20,924,624
Support Services	-	12,098,844	13,481,993	13,760,254	-
Public Services	7,987,215	11,463,586	11,772,082	12,756,178	-
Health and Safety	-	-	-	-	3,401,984
Law Enforcement	30,165,062	40,212,916	43,942,761	50,808,314	57,631,237
Environmental Services	2,406,286	-	-	-	-
Community Development	-	-	-	-	3,325,643
Capital outlay	809,675	1,631,964	879,112	75,179	1,089,379
Total expenditures	50,329,229	65,407,310	70,075,948	77,399,925	86,372,867
Excess of revenues over expenditures	2,092,212	1,994,237	2,537,110	2,334,888	5,456,391
Other financing sources (uses):					
Operating transfers in	4,040,677	362,977	420,309	209,938	121,895
Operating transfers out	(3,480,592)	(5,733,474)	(5,308,864)	(4,294,239)	(5,199,402)
Total other financing sources (uses)	560,085	(5,370,497)	(4,888,555)	(4,084,301)	(5,077,507)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	2,652,297	(3,376,260)	(2,351,445)	(1,749,413)	378,884
Fund balance - July 1	6,246,665	8,898,962	9,947,675	7,596,230	6,050,361
Prior period adjustment	-	-	-	203,544	-
Fund balance – July 1 (restated)	6,246,665	8,898,962	9,947,675	7,799,774	6,429,245
Increase in inventories	-	-	-	-	229,793
Residual equity transfer	-	4,424,973	-	-	-
Fund balance - June 30	\$ 8,898,962	\$ 9,947,675	\$ 7,596,230	\$ 6,050,361	\$ 6,659,038

Source: Derived from annual audited financial statements