



ANNUAL FINANCIAL REPORT
Year Ended June 30, 2008

YAMHILL COUNTY

BOARD OF COMMISSIONERS AND OTHER OFFICIALS

Year Ended June 30, 2008

<u>Commissioners</u>	<u>Term Expires December 31,</u>
Katherine George 15195 NE Ribbon Ridge Road Newberg, OR 97132	2011
Mary P. Stern 1863 NW Doral Street McMinnville, OR 97128	2011
Leslie Lewis 9805 Hendricks Road Carlton, OR 97111	2008

Other Elected Officials

Nancy Reed, Treasurer
David Lawson, Assessor
Jan Coleman, Clerk
Jack Crabtree, Sheriff
Brad Berry, District Attorney
Dan Linscheld, Surveyor

Administrative Officer

John Krawcayk

YAMHILL COUNTY

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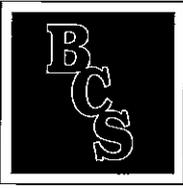
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BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **YAMHILL COUNTY** as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **YAMHILL COUNTY**, as of June 30, 2008, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Road, Health and Human Services, Solid Waste, and Capital Improvement Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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SALEM: 480 CHURCH STREET SE ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

ALBANY: 321 1st AVENUE E STE 2A ■ ALBANY, OR 97321 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

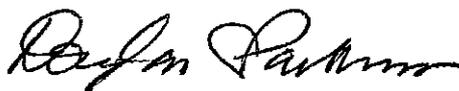
INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages i through viii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as listed in the Grant Compliance – Single Audit section of the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **YAMHILL COUNTY**. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
March 2, 2009

By:



Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

YAMHILL COUNTY

Management's Discussion and Analysis

As management of Yamhill County, we offer readers of Yamhill County's financial statements this narrative overview and analysis of the financial activities of Yamhill County for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of Yamhill County exceeded its liabilities at the close of the most recent fiscal year by \$213,931,484 (*net assets*). Of this amount, \$21,351,288 (*unrestricted net assets*) may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$20,987,450, a decrease of \$1,715,343 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,098,375, or 30.9 percent of total general fund expenditures.
- Yamhill County's total debt increased by \$349,995 during the current fiscal year. The key factors in this increase were scheduled payments on bonded debt and capital leases and additional borrowing of \$443,253 from OECD.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Yamhill County's basic financial statements. Yamhill County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of Yamhill 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 Yamhill County is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 future fiscal periods (e.g., uncollected taxes and earned but unused earned time off).

Both of the government-wide financial statements distinguish functions of Yamhill 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 cost through user fees and charges (*business-type activities*). The governmental activities of Yamhill County include general government, public safety, land use and transportation, health and human services and non-departmental. Business-type activities of Yamhill County include a County Fair and Event Center and Cove Orchard Sewer Service District.

The government-wide financial statements include not only Yamhill County itself (known as the *primary* government), but also Yamhill Extension Service District and the Yamhill Communications District for which Yamhill County is financially accountable. Financial information for these *component* units is reported separately from the financial information presented for the primary government itself. Cove Orchard Sewer Service District, although also legally separate, functions for all practical purposes as a department of Yamhill County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1 and 2 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. Yamhill County, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Yamhill County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Yamhill County maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road, Health and Human Services, Solid Waste, and the Capital Improvement Funds, 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 non-major governmental funds is provided elsewhere in this report.

Yamhill County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 3 – 16 of this report.

Proprietary funds. Yamhill County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Yamhill County uses enterprise funds to account for Cove Orchard Sewer Service District. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Yamhill County's various functions. Yamhill County uses internal service funds to account for its insurance costs and telecommunications costs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for Cove Orchard Sewer Service District. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 17 - 19 of this report.

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

The basic fiduciary fund financial statements can be found on 20 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 pages 21-41 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 42 - 77 of this report.

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 Yamhill County, assets exceeded liabilities by \$213,931,484 at the close of the most recent fiscal year.

By far the largest portion of Yamhill County's net assets (89.3%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Yamhill County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yamhill 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.

Yamhill County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 27,057,854	\$ 29,693,151	\$ 109,573	\$ 108,098	\$ 27,167,427	\$ 29,801,249
Capital assets	<u>193,052,772</u>	<u>184,985,128</u>	<u>175,773</u>	<u>227,770</u>	<u>193,228,545</u>	<u>185,212,898</u>
Total assets	<u>220,110,626</u>	<u>214,678,279</u>	<u>285,346</u>	<u>335,868</u>	<u>220,395,972</u>	<u>215,014,147</u>
Liabilities						
Long-term liabilities outstanding	955,000	1,096,339	-	-	955,000	1,096,339
Other Liabilities	<u>5,500,109</u>	<u>6,645,150</u>	<u>9,379</u>	<u>11,486</u>	<u>5,509,488</u>	<u>6,656,636</u>
Total liabilities	<u>6,455,109</u>	<u>7,741,489</u>	<u>9,379</u>	<u>11,486</u>	<u>6,464,488</u>	<u>7,752,975</u>
Net assets						
Invested in capital assets, net of related debt	190,981,079	183,217,481	175,773	227,770	191,156,852	183,445,251
Restricted	1,423,344	15,085,072	-	-	1,423,344	15,085,072
Unrestricted	<u>21,251,094</u>	<u>8,634,237</u>	<u>100,194</u>	<u>96,612</u>	<u>21,351,288</u>	<u>8,730,849</u>
Total net assets	<u>\$ 213,655,517</u>	<u>\$ 206,936,790</u>	<u>\$ 275,967</u>	<u>\$ 324,382</u>	<u>\$ 213,931,484</u>	<u>\$ 207,261,172</u>

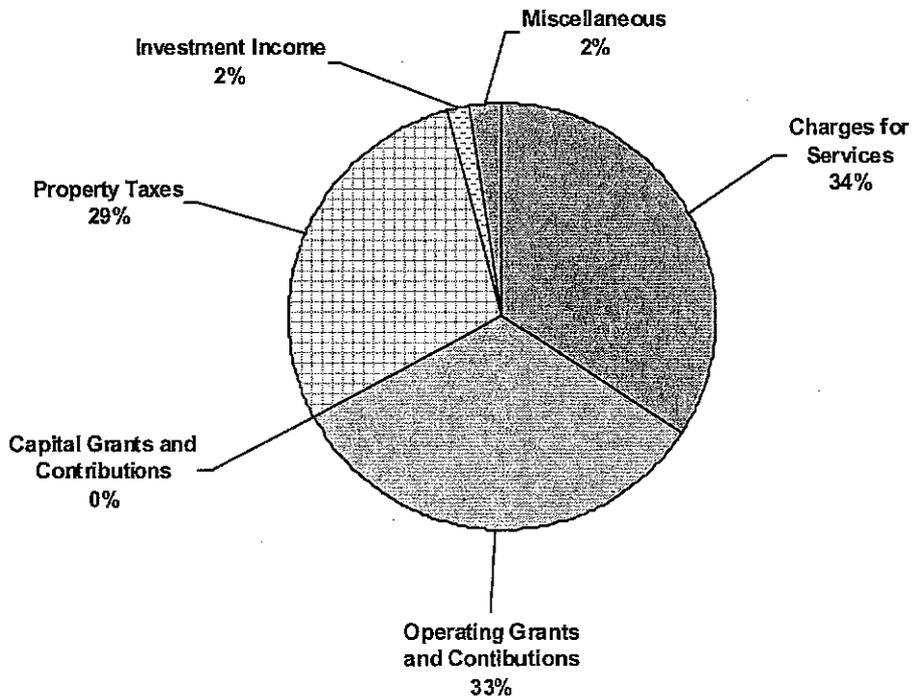
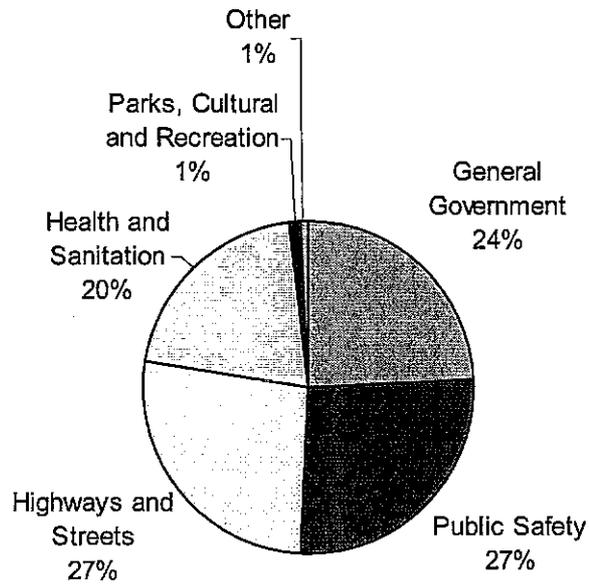
A portion of Yamhill County's net assets \$1,423,344 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (10.1%) may be used to meet the government's ongoing obligations to citizen's and creditors.

Governmental activities. Governmental activities decreased Yamhill County's net assets by \$8,796,511 which occurred primarily due to depreciation on capital assets. Funds had been received in a prior period to repair various bridges in the county and these funds are now being expended. All other elements of county revenues increased, while expenses remained relatively the same. Key elements of the changes are as follows:

Yamhill County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 18,532,183	\$ 13,941,701	\$ 49,915	\$ 46,963	\$ 18,582,098	\$ 13,988,664
Operating grants and contributions	17,857,562	21,937,065	-	-	17,857,562	21,937,065
Capital grants and contributions	22,812	642,051	-	-	22,812	642,051
General revenues						
Property taxes	15,540,244	14,190,461	-	-	15,540,244	14,190,461
Investment earnings	892,995	1,373,743	4,180	5,151	897,175	1,378,894
Miscellaneous	1,287,449	(276,131)	-	-	1,287,449	(276,131)
Total revenues	54,133,245	51,808,890	54,095	52,114	54,187,340	51,861,004
Expenses						
Governmental activities						
General government	15,217,487	12,388,138	-	-	15,217,487	12,388,138
Public safety	16,692,852	14,221,352	-	-	16,692,852	14,221,352
Highways and streets	16,888,135	19,660,418	-	-	16,888,135	19,660,418
Health and Sanitation	12,827,408	12,305,266	-	-	12,827,408	12,305,266
Parks, cultural and recreation	827,769	559,121	-	-	827,769	559,121
Education	427,401	419,529	-	-	427,401	419,529
Interest on long term obligations	48,704	-	-	-	48,704	-
Sewer	-	-	102,510	95,590	102,510	95,590
Total expenses	62,929,756	59,553,824	102,510	95,590	63,032,266	59,649,414
Change in net assets	(8,796,511)	(7,744,934)	(48,415)	(43,476)	(8,844,926)	(7,788,410)
Net assets at beginning of year	206,936,790	214,681,724	324,382	367,858	207,261,172	215,049,582
Prior period adjustment(Note IV.D)	15,515,238	-	-	-	15,515,238	-
Net assets at end of year	\$ 213,655,517	\$ 206,936,790	\$ 275,967	\$ 324,382	\$ 213,931,484	\$ 207,261,172

Expenses by Program-Governmental Activities



**Yamhill County's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital assets not being depreciated	\$ 49,381,290	\$ 51,366,306	\$ 78,356	\$ 78,356	\$ 49,459,646	\$ 51,444,662
Building	12,133,405	10,244,426	-	-	12,133,405	10,244,426
Machinery and equipment	5,018,032	4,595,161	97,417	149,414	5,115,449	4,744,575
Infrastructure	<u>126,520,045</u>	<u>134,294,473</u>	<u>-</u>	<u>-</u>	<u>126,520,045</u>	<u>134,294,473</u>
Total	\$ 193,052,772	\$ 200,500,366	\$ 175,773	\$ 227,770	\$ 193,228,545	\$ 200,728,136

Additional information on Yamhill County's fixed assets can be found in Note 4 on pages 33 and 34 of this report.

Long-term debt. At the end of the fiscal year, Yamhill County had total outstanding bonded debt of \$1,035,000. This full amount is comprised of a full faith and credit bond. Additional long-term obligations include loans (\$975,354), capital leases (\$61,339) and accumulated compensated absences (\$1,139,682).

**Yamhill County's Outstanding Debt
General Obligation and Revenue Bonds**

	2008	2007
Full Faith and Credit Bonds	<u>\$ 1,035,000</u>	<u>\$ 1,115,000</u>

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Yamhill County for December 2008 was 9.2 percent, compared to 5.5 percent a year ago. This is higher than both the state's unemployment rate of 8.8 percent and the national average of 7.1 percent.

Businesses in the county include a steel rolling mill, a large baked-goods plant, a major dental equipment manufacturer and a cooperative creamery. There are several large national chain stores in the county, but overall the community takes pride in supporting local businesses.

Wineries continue to be a big tourist draw and along with them other tourist related businesses - restaurants, bed and breakfasts, tasting rooms and small specialty shops. The county is also home to an aircraft museum whose major attraction is Howard Hughes' Spruce goose. A major expansion of the air museum was recently completed, and two other additions are in the planning phases. The county continues to grow at a rapid rate, especially the east side that borders on the Portland Metropolitan area.

Northwest timber dependent counties were given a reprieve this October when Congress authorized a four-year extension of the Secure Rural Schools and Community Self-Determination Act. The reauthorization includes payments for fiscal years 2008 through 2010 that ramp down progressively each year.

Fiscal Year 2007-08 was a year of looking ahead to fiscal year 2008-09 and beyond when it is felt that the impacts of the recessionary trends will begin to impact the county. This is becoming a reality as seen in Planning Department reports of slowing activity. The Yamhill County Clerk's office also reports declining numbers of recorded documents (representing real property transactions) over the past two years with the trend continuing into the future. Additionally, programs funded with state resources will experience cuts in the latter part of fiscal year 2008-09 as the state rebalances the budget due to revenue shortfalls.

Request for Information

This financial report is designed to provide a general overview of Yamhill County's finances for all of those interested 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 the Financial Services Manager, Yamhill County Courthouse, 535 NE 5th Street, McMinnville, OR 97128.

BASIC FINANCIAL STATEMENTS

YAMHILL COUNTY

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 23,305,940	\$ 109,080	\$ 23,415,020
Receivables	3,540,378	493	3,540,871
Inventory	199,405	-	199,405
Prepaid items	12,131	-	12,131
Capital assets:			
Land, improvements and construction in progress	49,381,290	78,356	49,459,646
Other capital assets, net of depreciation	<u>143,671,482</u>	<u>97,417</u>	<u>143,768,899</u>
TOTAL ASSETS	<u>220,110,626</u>	<u>285,346</u>	<u>220,395,972</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	2,596,006	9,239	2,605,245
Payroll and related liabilities	547,639	140	547,779
Unearned revenue	30,000	-	30,000
Deposits payable	70,089	-	70,089
Long-term obligations:			
Due within one year	2,256,375	-	2,256,375
Due in more than one year	<u>955,000</u>	<u>-</u>	<u>955,000</u>
TOTAL LIABILITIES	<u>6,455,109</u>	<u>9,379</u>	<u>6,464,488</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	190,981,079	175,773	191,156,852
Restricted for:			
Highways and streets	1,394,998	-	1,394,998
Other	28,346	-	28,346
Unrestricted	<u>21,251,094</u>	<u>100,194</u>	<u>21,351,288</u>
TOTAL NET ASSETS	<u>\$ 213,655,517</u>	<u>\$ 275,967</u>	<u>\$ 213,931,484</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2008**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs						
Governmental activities						
General government	\$ 15,217,487	\$ 7,885,688	\$ 4,969,909	\$ 22,812	\$ (2,339,078)	\$ (2,339,078)
Public safety	16,692,852	1,877,512	2,885,045	-	(11,930,295)	(11,930,295)
Highways and streets	16,888,135	875,831	4,685,331	-	(11,326,973)	(11,326,973)
Health and sanitation	12,827,408	7,331,012	5,101,263	-	(395,133)	(395,133)
Parks, cultural and recreation	827,769	562,140	49,405	-	(216,224)	(216,224)
Education	427,401	-	166,609	-	(260,792)	(260,792)
Interest on long-term obligations	48,704	-	-	-	(48,704)	(48,704)
TOTAL GOVERNMENTAL ACTIVITIES	62,929,756	18,532,183	17,857,562	22,812	(26,517,199)	(26,517,199)
Business-type activities						
Sewer	102,510	49,915	-	-	\$ (52,595)	(52,595)
Totals	\$ 63,032,266	\$ 18,582,098	\$ 17,857,562	\$ 22,812	(26,517,199)	(52,595)
General revenues						
Taxes					15,540,244	-
Investment earnings					892,995	4,180
Miscellaneous					1,287,449	-
TOTAL GENERAL REVENUES					17,720,688	4,180
CHANGES IN NET ASSETS					(8,796,511)	(48,415)
NET ASSETS - BEGINNING					206,936,790	324,382
PRIOR PERIOD ADJUSTMENT					15,515,238	-
NET ASSETS - ENDING					\$ 213,655,517	\$ 275,967
						\$ 213,931,484

See notes to basic financial statements

YAMHILL COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

	General	Road	Health and Human Services	Solid Waste	Capital Improvement	Other Governmental Funds	Totals
<u>ASSETS</u>							
Cash and investments	\$ 7,291,456	\$ 1,087,302	\$ 2,397,640	\$ 2,111,935	\$ 72,198	\$ 8,585,214	\$ 21,545,745
Receivables	2,241,994	336,935	504,965	85,662	35,721	320,471	3,525,748
Inventory	-	199,405	-	-	-	-	199,405
Prepaid items	2,145	-	-	-	-	9,986	12,131
Due from other fund	-	-	-	1,050,785	-	339,546	1,390,331
TOTAL ASSETS	\$ 9,535,595	\$ 1,623,642	\$ 2,902,605	\$ 3,248,382	\$ 107,919	\$ 9,255,217	\$ 26,673,360
<u>LIABILITIES</u>							
Account payable	\$ 943,072	\$ 195,342	\$ 431,340	\$ 102,634	\$ 107,737	\$ 809,861	\$ 2,589,986
Payroll and related liabilities	220,517	52,317	176,722	5,811	10,704	77,999	544,070
Due to other funds	327,281	145,000	-	-	977,201	-	1,449,482
Deposits	9,432	8,916	-	-	-	51,741	70,089
Deferred revenue	936,918	-	27,343	-	30,046	37,976	1,032,283
TOTAL LIABILITIES	2,437,220	401,575	635,405	108,445	1,125,688	977,577	5,685,910
<u>FUND BALANCES</u>							
Reserved for:							
Inventories	-	199,405	-	-	-	-	199,405
Bridge repair	-	-	-	-	-	1,406,426	1,406,426
Long-term interfund payable	-	-	-	1,050,785	-	-	1,050,785
Unreserved, reported in							
General fund	7,098,375	-	-	-	-	-	7,098,375
Special revenue funds	-	1,022,662	2,267,200	2,089,152	(1,017,769)	5,153,215	9,514,460
Capital project funds	-	-	-	-	-	1,717,999	1,717,999
TOTAL FUND BALANCES	7,098,375	1,222,067	2,267,200	3,139,937	(1,017,769)	8,277,640	20,987,450
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,535,595	\$ 1,623,642	\$ 2,902,605	\$ 3,248,382	\$ 107,919	\$ 9,255,217	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	193,052,772
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,002,283
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	\$ 1,866,267
Less: Capital assets of the internal service funds included above	(74,152)
Plus: Capital leases payable of the internal service fund included below	24,277
Plus: Compensated absences of the internal service fund included below	7,995
Some liabilities, including compensated absences, capital leases payable and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,211,375)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 213,655,517**

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008**

	General	Road	Health and Human Services	Solid Waste	Capital Improvement	Other Governmental Funds	Totals
REVENUES							
Property taxes	\$ 14,457,027	\$ -	\$ -	\$ -	\$ 15,902	\$ 886,747	\$ 15,359,676
Licenses, permits and fees	1,039,540	123,505	231,498	-	-	300,543	1,695,086
Intergovernmental	3,629,859	4,685,331	5,090,901	10,362	22,812	4,441,109	17,880,374
Charges for services	4,429,541	752,374	5,968,165	1,087,035	1,169,270	2,772,875	16,179,260
Fines and forfeitures	419,112	(48)	70,033	-	-	102,750	591,847
Interest	377,202	24,832	75,254	68,466	(2,569)	302,693	845,878
Other	466,712	170,128	150,970	2,700	487,530	259,509	1,537,549
TOTAL REVENUES	24,818,993	5,756,122	11,586,821	1,168,563	1,692,945	9,066,226	54,089,670
EXPENDITURES							
Current							
General government	10,083,186	-	-	-	1,257,178	5,917,200	17,257,564
Public safety	11,897,929	-	-	-	-	4,707,946	16,605,875
Parks, culture, and recreation	212,876	-	-	-	-	594,204	807,080
Highways and streets	-	5,758,096	-	-	-	-	5,758,096
Health and welfare	-	-	12,161,037	668,466	-	-	12,829,503
Education	-	-	-	-	-	427,401	427,401
Capital outlay	710,033	16,617	97,927	11,932	861,660	233,414	1,931,583
Debt service	62,986	-	-	-	99,536	25,389	187,911
TOTAL EXPENDITURES	22,967,010	5,774,713	12,258,964	680,398	2,218,374	11,905,554	55,805,013
Excess (deficiency) of revenues over expenditures	1,851,983	(18,591)	(672,143)	488,165	(525,429)	(2,839,328)	(1,715,343)
OTHER FINANCING SOURCES (USES)							
Transfers in	66,000	31,500	1,072,477	-	417,717	445,769	2,033,463
Transfers out	(1,910,963)	-	-	(66,000)	-	(56,500)	(2,033,463)
TOTAL OTHER FINANCING SOURCES (USES)	(1,844,963)	31,500	1,072,477	(66,000)	417,717	389,269	-
Net change in fund balances	7,020	12,909	400,334	422,165	(107,712)	(2,450,059)	(1,715,343)
Fund balances at beginning of year	7,091,355	1,209,158	1,866,866	2,717,772	(910,057)	10,727,699	22,702,793
Fund balances at end of year	\$ 7,098,375	\$ 1,222,067	\$ 2,267,200	\$ 3,139,937	\$ (1,017,769)	\$ 8,277,640	\$ 20,987,450

YAMHILL COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,715,343)

*Amounts reported for governmental activities in the
Statement of Activities are different because of the following:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 6,040,334	
Depreciation	<u>(13,485,032)</u>	(7,444,698)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:

Property taxes	180,568
Charges for services	65,790
Other	27,343

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Issuance of debt	(443,253)
Principal payments	139,207

Some expenses reported in the government wide statements do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Compensated absences	(53,837)
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Net income of internal service funds after eliminating transfers and income reported above

447,712

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (8,796,511)

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2008**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 14,249,000	\$ 14,249,000	\$ 14,457,027	\$ 208,027
Licenses and permits	767,288	767,288	1,039,540	272,252
Intergovernmental	6,487,539	6,487,539	3,629,859	(2,857,680)
Charges for services	3,860,122	3,923,227	4,429,541	506,314
Fines and forfeitures	216,513	216,513	419,112	202,599
Interest earnings	250,000	250,000	377,202	127,202
Other	244,291	244,291	466,712	222,421
TOTAL REVENUES	<u>26,074,753</u>	<u>26,137,858</u>	<u>24,818,993</u>	<u>(1,318,865)</u>
EXPENDITURES				
Administrative Services				
Personal services	617,234	617,234	596,556	20,678
Materials and services	59,650	59,650	40,974	18,676
Total Administrative Services	<u>676,884</u>	<u>676,884</u>	<u>637,530</u>	<u>39,354</u>
Assessor				
Personal services	1,065,550	1,065,550	1,044,946	20,604
Materials and services	194,331	194,331	168,290	26,041
Capital outlay	10,000	10,000	1,657	8,343
Total Assessor	<u>1,269,881</u>	<u>1,269,881</u>	<u>1,214,893</u>	<u>54,988</u>
Board of Commissioners				
Personal services	434,721	434,721	424,409	10,312
Materials and services	72,614	72,614	62,519	10,095
Capital outlay	-	-	6,286	(6,286)
Total Board of Commissioners	<u>507,335</u>	<u>507,335</u>	<u>493,214</u>	<u>14,121</u>
County Clerk				
Personal services	572,440	572,440	499,414	73,026
Materials and services	416,905	416,905	267,721	149,184
Capital outlay	333,850	333,850	213,032	120,818
Total County Clerk	<u>1,323,195</u>	<u>1,323,195</u>	<u>980,167</u>	<u>343,028</u>

*See notes to basic financial statements
Continued on pages 7 through 10*

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Information Systems				
Personal services	\$ 664,928	\$ 664,928	\$ 710,174	\$ (45,246)
Materials and services	474,646	474,646	376,209	98,437
Capital outlay	20,000	20,000	-	20,000
Total Information Systems	1,159,574	1,159,574	1,086,383	73,191
District Attorney				
Personal services	1,448,473	1,448,473	1,432,712	15,761
Materials and services	239,306	239,306	240,268	(962)
Capital outlay	15,000	15,000	-	15,000
Total District Attorney	1,702,779	1,702,779	1,672,980	29,799
Planning				
Personal services	1,342,227	1,342,227	1,176,404	165,823
Materials and services	450,074	450,074	505,313	(55,239)
Capital outlay	23,000	23,000	17,019	5,981
Total Planning	1,815,301	1,815,301	1,698,736	116,565
Surveyor				
Personal services	84,838	84,838	81,856	2,982
Materials and services	20,550	20,550	14,620	5,930
Capital outlay	5,000	5,000	6,022	(1,022)
Total Surveyor	110,388	110,388	102,498	7,890
Support Enforcement				
Personal services	323,480	323,480	320,899	2,581
Materials and services	38,261	38,261	30,849	7,412
Total Support Enforcement	361,741	361,741	351,748	9,993
Treasurer				
Personal services	86,023	86,023	84,705	1,318
Materials and services	8,173	8,173	4,902	3,271
Total Treasurer	94,196	94,196	89,607	4,589

*See notes to basic financial statements
Continued on pages 8 through 10*

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Veterans				
Personal services	\$ 106,388	\$ 106,388	\$ 100,906	\$ 5,482
Materials and services	25,490	25,490	20,742	4,748
Total Veterans	131,878	131,878	121,648	10,230
County Counsel				
Personal services	325,876	325,876	327,633	(1,757)
Materials and services	21,858	21,858	18,013	3,845
Total County Counsel	347,734	347,734	345,646	2,088
Transportation				
Personal services	55,649	55,649	54,966	683
Materials and services	2,823,503	2,783,503	989,741	1,793,762
Capital outlay	423,009	423,009	169,750	253,259
Total Transportation	3,302,161	3,262,161	1,214,457	2,047,704
Non-departmental				
Materials and services	658,710	658,710	658,041	669
Capital outlay	730,000	730,000	199,363	530,637
Total Non-departmental	1,388,710	1,388,710	857,404	531,306
Emergency Services				
Personal services	98,447	98,447	93,318	5,129
Materials and services	29,751	29,751	38,888	(9,137)
Capital outlay	-	10,000	6,388	3,612
Total Emergency Services	128,198	138,198	138,594	(396)
Jail				
Personal services	2,897,731	2,897,731	2,883,335	14,396
Materials and services	768,909	768,909	708,776	60,133
Total Jail	3,666,640	3,666,640	3,592,111	74,529

*See notes to basic financial statements
Continued on pages 9 through 10*

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Marine				
Personal services	\$ 76,359	\$ 91,359	\$ 79,883	\$ 11,476
Materials and services	21,262	36,262	35,459	803
Total Marine	97,621	127,621	115,342	12,279
Sheriff				
Personal services	3,894,192	3,894,192	3,766,992	127,200
Materials and services	903,690	903,690	765,005	138,685
Capital outlay	90,000	90,000	90,516	(516)
Total Sheriff	4,887,882	4,887,882	4,622,513	265,369
911/Dispatch Services				
Materials and services	515,393	515,393	504,734	10,659
Total 911/Dispatch Services	515,393	515,393	504,734	10,659
Mediation Services				
Materials and services	110,000	110,000	57,525	52,475
Total Mediation Services	110,000	110,000	57,525	52,475
Geographical Information Services				
Personal services	175,151	175,151	152,754	22,397
Materials and services	87,394	87,394	33,859	53,535
Total Geographical Information Services	262,545	262,545	186,613	75,932
Narcotics Investigation				
Personal services	18,595	18,595	16,590	2,005
Materials and services	77,525	77,525	35,982	41,543
Capital Outlay	-	-	10,240	(10,240)
Total Narcotics Investigation	96,120	96,120	62,812	33,308

*See notes to basic financial statements
Continued on page 10*

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Juvenile Department				
Personal services	\$ 2,197,648	\$ 2,197,648	\$ 2,095,910	\$ 101,738
Materials and services	468,437	468,437	461,444	6,993
Capital outlay	5,000	5,000	-	5,000
Total Juvenile Department	<u>2,671,085</u>	<u>2,671,085</u>	<u>2,557,354</u>	<u>113,731</u>
Parks				
Personal services	112,797	112,797	107,920	4,877
Materials and services	193,348	193,348	104,956	88,392
Total Parks	<u>306,145</u>	<u>306,145</u>	<u>212,876</u>	<u>93,269</u>
Air Support Division				
Materials and services	123,450	123,450	10	123,440
Capital outlay	15,000	15,000	49,615	(34,615)
Total Air Support Division	<u>138,450</u>	<u>138,450</u>	<u>49,625</u>	<u>88,825</u>
Contingency	<u>933,819</u>	<u>870,714</u>	<u>-</u>	<u>870,714</u>
TOTAL EXPENDITURES	<u>28,005,655</u>	<u>27,942,550</u>	<u>22,967,010</u>	<u>4,975,540</u>
Excess (deficiency) of revenues over expenditures	<u>(1,930,902)</u>	<u>(1,804,692)</u>	<u>1,851,983</u>	<u>3,656,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	86,000	86,000	66,000	(20,000)
Transfers out	<u>(1,992,416)</u>	<u>(1,992,416)</u>	<u>(1,910,963)</u>	<u>81,453</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,906,416)</u>	<u>(1,906,416)</u>	<u>(1,844,963)</u>	<u>61,453</u>
Net change in fund balance	(3,837,318)	(3,711,108)	7,020	3,718,128
Fund balance at beginning of year	<u>3,853,735</u>	<u>3,853,735</u>	<u>7,091,355</u>	<u>3,237,620</u>
Fund balance at end of year	<u>\$ 16,417</u>	<u>\$ 142,627</u>	<u>\$ 7,098,375</u>	<u>\$ 6,955,748</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
ROAD FUND
Year Ended June 30, 2008**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 77,000	\$ 77,000	\$ 123,505	\$ 46,505
Intergovernmental	5,274,783	5,274,783	4,685,331	(589,452)
Charges for services	694,490	694,490	752,374	57,884
Fines and penalties	-	-	(48)	(48)
Interest earnings	20,000	20,000	24,832	4,832
Other revenues	82,650	82,650	170,128	87,478
TOTAL REVENUES	6,148,923	6,148,923	5,756,122	(392,801)
EXPENDITURES				
Motor Vehicle				
Personal services	113,102	113,102	92,642	20,460
Materials and services	409,982	429,982	458,800	(28,818)
Capital outlay	-	-	2,787	(2,787)
Total Motor Vehicle	523,084	543,084	554,229	(11,145)
Engineering				
Personal services	221,677	241,677	232,827	8,850
Materials and services	36,909	36,909	31,187	5,722
Total Engineering	258,586	278,586	264,014	14,572
Road				
Personal services	2,250,930	2,250,930	2,183,262	67,668
Materials and services	3,113,823	3,113,823	2,759,378	354,445
Capital outlay	122,775	122,775	13,830	108,945
Total Road	5,487,528	5,487,528	4,956,470	531,058
Contingency	477,000	437,000	-	437,000
TOTAL EXPENDITURES	6,746,198	6,746,198	5,774,713	971,485
Excess (deficiency) of revenues over expenditures	(597,275)	(597,275)	(18,591)	578,684
OTHER FINANCING SOURCES (USES)				
Transfers in	41,000	41,000	31,500	(9,500)
Net change in fund balance	(556,275)	(556,275)	12,909	569,184
Fund balance at beginning of year	697,275	697,275	1,209,158	511,883
Fund balance at end of year	\$ 141,000	\$ 141,000	\$ 1,222,067	\$ 1,081,067

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
HEALTH AND HUMAN SERVICES
Year Ended June 30, 2008**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 202,118	\$ 202,118	\$ 231,498	\$ 29,380
Intergovernmental	5,251,506	5,251,509	5,090,901	(160,608)
Charges for services	5,993,122	5,993,122	5,968,165	(24,957)
Fines and penalties	39,360	39,360	70,033	30,673
Interest earnings	96,000	96,000	75,254	(20,746)
Other	117,786	117,786	150,970	33,184
TOTAL REVENUES	11,699,892	11,699,895	11,586,821	(113,074)
EXPENDITURES				
Community Health				
Personal services	1,547,132	1,547,132	1,440,674	106,458
Materials and services	538,662	563,662	547,269	16,393
Capital outlay	2,197	2,197	14,845	(12,648)
Total Community Health	2,087,991	2,112,991	2,002,788	110,203
Developmentally Disabled				
Personal services	631,340	631,340	644,703	(13,363)
Materials and services	534,894	694,894	642,927	51,967
Capital outlay	839	839	1,117	(278)
Total Developmentally Disabled	1,167,073	1,327,073	1,288,747	38,326
Mental Health				
Personal services	1,499,174	1,499,174	1,471,612	27,562
Materials and services	1,022,671	1,057,671	978,894	78,777
Capital outlay	2,193	2,193	4,097	(1,904)
Total Mental Health	2,524,038	2,559,038	2,454,603	104,435
Abacus				
Personal services	439,714	439,714	465,907	(26,193)
Materials and services	160,013	255,013	167,586	87,427
Capital outlay	638	638	931	(293)
Total Abacus	600,365	695,365	634,424	60,941

See notes to basic financial statements

Continued on page 13

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HEALTH AND HUMAN SERVICES (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Family and Youth				
Personal services	\$ 1,379,091	\$ 1,379,091	\$ 1,338,388	\$ 40,703
Materials and services	353,453	393,453	330,720	62,733
Capital outlay	1,910	1,910	2,607	(697)
Total Family and Youth	1,734,454	1,774,454	1,671,715	102,739
Chemical Dependency Services				
Personal services	1,797,667	1,797,667	1,732,573	65,094
Materials and services	545,607	645,607	543,587	102,020
Capital outlay	2,563	2,563	71,537	(68,974)
Total Chemical Dependency Services	2,345,837	2,445,837	2,347,697	98,140
HHS Central Services				
Personal services	260,816	260,816	266,284	(5,468)
Materials and services	978,001	443,001	191,550	251,451
Capital outlay	30,279	30,279	745	29,534
Total HHS Central Services	1,269,096	734,096	458,579	275,517
Enhanced Care Facility				
Personal services	1,170,439	1,170,439	1,143,529	26,910
Materials and services	178,042	258,042	254,834	3,208
Capital outlay	1,878	1,878	2,048	(170)
Total Enhanced Care Facility	1,350,359	1,430,359	1,400,411	29,948
TOTAL EXPENDITURES	13,079,213	13,079,213	12,258,964	820,249
Excess (deficiency) of revenues over expenditures	(1,379,321)	(1,379,318)	(672,143)	707,175
OTHER FINANCING SOURCES (USES)				
Transfers in	1,047,477	1,047,477	1,072,477	25,000
Net change in fund balance	(331,844)	(331,841)	400,334	732,175
Fund balance at beginning of year	1,478,231	1,478,231	1,866,866	388,635
Fund balance at end of year	\$ 1,146,387	\$ 1,146,390	\$ 2,267,200	\$ 1,120,810

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOLID WASTE FUND
Year Ended June 30, 2008**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 10,362	\$ 10,362
Charges for services	891,205	891,205	1,087,035	195,830
Interest earnings	45,000	45,000	68,466	23,466
Other	2,700	2,700	2,700	-
	<u>938,905</u>	<u>938,905</u>	<u>1,168,563</u>	<u>229,658</u>
TOTAL REVENUES				
EXPENDITURES				
Personal services	351,300	351,300	281,404	69,896
Materials and services	860,812	860,812	387,062	473,750
Capital outlay	-	-	11,932	(11,932)
Contingency	2,055,769	2,055,769	-	2,055,769
	<u>3,267,881</u>	<u>3,267,881</u>	<u>680,398</u>	<u>2,587,483</u>
TOTAL EXPENDITURES				
Excess (deficiency) of revenues over expenditures	(2,328,976)	(2,328,976)	488,165	2,817,141
OTHER FINANCING SOURCES (USES)				
Transfers out	(66,000)	(66,000)	(66,000)	-
	<u>(66,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>-</u>
Net change in fund balance	(2,394,976)	(2,394,976)	422,165	2,817,141
Fund balance at beginning of year	2,394,976	2,394,976	2,717,772	322,796
	<u>2,394,976</u>	<u>2,394,976</u>	<u>2,717,772</u>	<u>322,796</u>
Fund balance at end of year	\$ -	\$ -	\$ 3,139,937	\$ 3,139,937
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,139,937</u>	<u>\$ 3,139,937</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
Year Ended June 30, 2008**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 15,902	\$ 15,902
Intergovernmental	790,000	790,000	22,812	(767,188)
Charges for services	2,970,075	2,970,075	1,169,270	(1,800,805)
Interest earnings	12,800	12,800	(2,569)	(15,369)
Other	<u>1,033,000</u>	<u>1,033,000</u>	<u>487,530</u>	<u>(545,470)</u>
TOTAL REVENUES	<u>4,805,875</u>	<u>4,805,875</u>	<u>1,692,945</u>	<u>(3,112,930)</u>
EXPENDITURES				
Clerk				
Materials and services	5,000	5,000	-	5,000
Capital outlay	<u>136,000</u>	<u>136,000</u>	<u>136,000</u>	<u>-</u>
Total Clerk	<u>141,000</u>	<u>141,000</u>	<u>136,000</u>	<u>5,000</u>
Facilities Maintenance				
Personal services	418,526	448,526	433,593	14,933
Materials and services	<u>476,000</u>	<u>486,000</u>	<u>461,875</u>	<u>24,125</u>
Total Facilities Maintenance	<u>894,526</u>	<u>934,526</u>	<u>895,468</u>	<u>39,058</u>
Information Systems				
Materials and services	<u>150,500</u>	<u>150,500</u>	<u>138,598</u>	<u>11,902</u>
Total Information Systems	<u>150,500</u>	<u>150,500</u>	<u>138,598</u>	<u>11,902</u>
Capital Improvement				
Materials and services	489,168	489,168	322,648	166,520
Capital outlay	<u>1,860,000</u>	<u>1,820,000</u>	<u>725,660</u>	<u>1,094,340</u>
Total Capital Improvement	<u>2,349,168</u>	<u>2,309,168</u>	<u>1,048,308</u>	<u>1,260,860</u>

*See notes to basic financial statements
Continued on page 16*

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND (Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Maintenance Reserve				
Capital outlay	\$ 70,000	\$ 70,000	\$ -	\$ 70,000
TOTAL EXPENDITURES	<u>3,605,194</u>	<u>3,605,194</u>	<u>2,218,374</u>	<u>1,386,820</u>
Excess (deficiency) of revenues over expenditures	1,200,681	1,200,681	(525,429)	(1,726,110)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	417,717	417,717
Net change in fund balance	1,200,681	1,200,681	(107,712)	(1,308,393)
Fund balance at beginning of year	<u>(1,176,379)</u>	<u>(1,176,379)</u>	<u>(910,057)</u>	<u>266,322</u>
Fund balance at end of year	<u>\$ 24,302</u>	<u>\$ 24,302</u>	<u>\$(1,017,769)</u>	<u>\$(1,042,071)</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2008**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Cove Orchard Sewer Service District	Internal Service
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 109,080	\$ 1,760,195
Receivables	493	14,630
Due from other funds	<u>-</u>	<u>59,151</u>
Total current assets	<u>109,573</u>	<u>1,833,976</u>
Capital assets		
Land	78,356	-
Other capital assets, net	<u>97,417</u>	<u>74,152</u>
Total capital assets	<u>175,773</u>	<u>74,152</u>
TOTAL ASSETS	<u>285,346</u>	<u>1,908,128</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	9,239	6,020
Payroll and related liabilities	140	3,569
Compensated absences	-	7,995
Current portion of long-term obligations	<u>-</u>	<u>24,277</u>
TOTAL LIABILITIES	<u>9,379</u>	<u>41,861</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	175,773	49,875
Unrestricted	<u>100,194</u>	<u>1,816,392</u>
TOTAL NET ASSETS	<u>\$ 275,967</u>	<u>\$ 1,866,267</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2008**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Cove Orchard Sewer Service District</u>	<u>Internal Service</u>
OPERATING REVENUES		
Charges for services	\$ 49,915	\$ 1,601,716
Other revenues	-	253,876
TOTAL OPERATING REVENUES	<u>49,915</u>	<u>1,855,592</u>
OPERATING EXPENSES		
Personal services	3,797	133,774
Materials and services	46,716	1,382,630
Depreciation	51,997	2,667
TOTAL OPERATING EXPENSES	<u>102,510</u>	<u>1,519,071</u>
Operating income (loss)	<u>(52,595)</u>	<u>336,521</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	4,180	47,117
Intergovernmental	-	64,104
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,180</u>	<u>111,221</u>
Change in net assets	(48,415)	447,742
Net assets - beginning	<u>324,382</u>	<u>1,418,525</u>
Net assets - ending	<u>\$ 275,967</u>	<u>\$ 1,866,267</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Cove Orchard Sewer Service District	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 49,890	\$ -
Receipts from interfund services provided	-	1,945,581
Payments to suppliers of goods or services	(48,070)	(1,467,755)
Payments to employees for services	<u>(4,550)</u>	<u>(129,887)</u>
Net cash provided by (used in) operating activities	(2,730)	347,939
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental	-	64,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>4,180</u>	<u>47,117</u>
Net increase in cash and cash equivalents	1,450	459,160
Cash and cash equivalents - beginning of year	<u>107,630</u>	<u>1,301,035</u>
Cash and cash equivalents - end of year	<u>\$ 109,080</u>	<u>\$ 1,760,195</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (52,595)	\$ 336,521
Depreciation	51,997	2,667
Other	34	-
(Increase) decrease in assets:		
Receivables	(59)	89,991
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,846	(85,125)
Payroll and related liabilities	(753)	1,771
Deposits payable	(3,200)	-
Compensated absences	<u>-</u>	<u>2,114</u>
Net cash provided by (used in) operating activities	<u>\$ (2,730)</u>	<u>\$ 347,939</u>

See notes to basic financial statements

YAMHILL COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 2,058,230
Property taxes receivable	<u>4,726,429</u>
 TOTAL ASSETS	 <u>6,784,659</u>
 <u>LIABILITIES</u>	
Due to other taxing districts/agencies	6,642,842
Other liabilities	<u>136,771</u>
 TOTAL LIABILITIES	 <u>\$ 6,779,613</u>

See notes to basic financial statements

YAMHILL COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2008

1. Summary of Significant Accounting Policies

The Reporting Entity

Yamhill County was created in 1843 and is an unchartered county, and now operates under the provisions of Oregon Revised Statutes (ORS) title 20, Chapters 201 and 215 inclusive. The governing board is a Board of Commissioners, elected at large from throughout the County. The Board of Commissioners are full-time employees of the County. The Board votes on all ordinances and determines matters of County policy. The Administrative Officer serves at the pleasure of the Board. Other elected officers of the county include the Assessor, Clerk, Surveyor, Sheriff, and Treasurer. The District Attorney and the Circuit Court Judges are elected officials of the State. The County provides a full range of County services to the community which includes planning and zoning, sheriff services, incarceration, courts, tax collections and assessment, document recording, parks, County road, and health and human services.

The accompanying basic financial statements present all activities, funds, and component units for which the County is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the County is a primary government with no blended component units.

Blended component units, although legally separate entities, are, in substance, part of Yamhill County's operation) and so data from these units are combined with data of the primary government. Yamhill County Extension Service District and Yamhill Emergency Communications District are reported as special revenue funds and Cove Orchard Sewer Service District is reported as an enterprise fund. Their financial statements may be obtained from the County.

On April 3, 2003, the County formed the Yamhill County Hospital Authority (Authority). The Authority only issues conduit debt for health facilities and the County has no assets or liabilities recorded for the Authority. See Note 5.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Government-wide and fund financial statements (continued)

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

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

Measurement Focus, basis of accounting and financial statement presentation

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

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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 functions of the County, the elimination of which 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, basis of accounting and financial statement presentation (continued)

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 are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The County reports the following major governmental funds:

General - accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road - accounts for the receipt and expenditure of state gasoline taxes for road repair and construction.

Health and Human Services - accounts for revenues and expenditures associated with the use of money for a continuum of care to persons experiencing mental or emotional disorders or who have a developmental disability. Money is provided to the fund from state grants, federal funds, county general funds, local contracts and user fees.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, basis of accounting and financial statement presentation (continued)

Solid Waste - accounts for revenues and expenditures associated with solid waste programs, Funding is primarily from user fees and contracts.

Capital Improvement - accounts for revenues and expenditures associated with purchases and replacement of major capital items and the repair and remodeling of facilities.

Additionally, the County reports the following fund types:

Special Revenue - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt Service - accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects - accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of County owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.

Internal Service – accounts for the cost of providing services to other funds of the County which are charged a fee on a cost reimbursement basis for those services.

Fiduciary - accounts for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund.

The County reports the following proprietary funds:

Cove Orchard Sewer Service District – accounts for the operating of the sewer system.

Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds of the County except agency funds and the pension trust fund. The County uses the modified accrual basis of accounting for all budgets. All annual appropriations lapse at fiscal year end.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Budget Policies and Budgetary Control (continued)

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The County Commissioners adopt the budget, make appropriations, and declare the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the program or department level for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The County Commissioners must authorize all appropriation transfers and supplementary budgetary appropriations.

Risk Management

The County is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; bodily injury; and worker's compensation for which the County carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

Property Taxes

Uncollected property taxes in governmental funds are reported in governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue. All property taxes receivable are due from property owners within the County.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property within the County and become a lien against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15 and May 15 following the lien date.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Grants and Entitlements

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

Other Receivables

In governmental fund types, the portion of the receivable which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Revenues are recorded when earned in proprietary fund types.

Capital Assets

Capital assets, which include property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, 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 more than \$5,000 and an estimated useful life of at least three years. 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.

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 are depreciated using the straight-line method over estimated useful lives as follows:

Buildings improvements	30 - 50 years
Land improvements	25 years
Machinery and equipment	7 -10 years
Vehicles	5 years
Bridges	50 years
Culverts	25 years
Paved roads	20 years

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in the statement of activities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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 fund types 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.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time. There is no liability for unpaid accumulated sick leave, as sick pay does not vest and is recorded as an expenditure when paid. Employees covered under collective bargaining can earn flexible time off in lieu of vacation and sick pay. Flexible time earned vests over 14 years. All vacation pay and compensatory time is accrued when earned in the government-wide and proprietary funds. A liability for these amounts is reported in the governmental fund types only if they have matured, for example, as the results of employee resignation and retirements.

Use of Estimates

In preparing the County's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. The major estimate is the lives used for the depreciation of capital assets.

2. Deposits and Investments

The County maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

Investments, including amounts held in pooled cash and investments, are stated at amortized cost. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available, otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

Credit Risk. Oregon statutes authorize the County to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2008, the County had the following investments:

	<u>Standard and Poor's Ratings</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	N/A	\$ 22,248,072

Interest Rate Risk. The County's formal policy limits investment maturities to 18 months as a means of managing its exposure to fair-value losses arising from increases in interest rates.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

Concentration of Credit Risk. The County's formal policy places a limit on the amount that may be invested in any one issuer as follows:

U.S. Treasury Bills, Notes and Bonds	50%
Federal Agency Bonds and Discount Notes	25%
Local Government Investment Pool	100%
Time Certificates of Deposit	
Banker's Acceptance	
Repurchase Agreements	25%

Custodial Credit Risk – Investments. This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy which limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the County's deposits may not be returned. Oregon statute requires collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. As of June 30, 2008, \$2,377,866 of the County's bank balance of \$3,420,873 was exposed to custodial credit risk because it was uninsured and uncollateralized. However, such deposits were secured in accordance with Oregon legal requirements.

A. The County's deposits and investments at June 30, 2008 are as follows:

Total investments	\$ 22,248,072
Cash on hand	10,260
Cash with County	6,644
Cash with fiscal agent	71,550
Deposits with financial institutions	<u>3,136,724</u>
Total deposits and investments	<u>\$ 25,473,250</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

B. Cash and investments by fund:

Governmental activities/funds

General	\$ 7,291,456
Road	1,087,302
Health and Human Services	2,397,640
Solid Waste	2,111,935
Capital Improvement	72,198
Other	<u>8,585,214</u>

Total governmental funds 21,545,745

Internal Service funds 1,760,195

Total governmental activities 23,305,940

Business-type activities

Sewer 109,080

Fiduciary fund

Agency 2,058,230

Total cash and investments \$ 25,473,250

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The County's receivables at June 30, 2008 are as follows:

	<u>General</u>	<u>Road</u>	<u>Health and Human Services</u>	<u>Solid Waste</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property taxes	\$ 955,526	\$ -	\$ -		\$ 5,046	\$ 22,925	\$ 983,497
Accounts	1,257,194	336,935	504,965	85,662	30,675	297,546	2,512,977
Other	29,274	-	-	-	-	-	29,274
	<u>\$ 2,241,994</u>	<u>\$ 336,935</u>	<u>\$ 504,965</u>	<u>\$ 85,662</u>	<u>\$ 35,721</u>	<u>\$ 320,471</u>	<u>\$ 3,525,748</u>

	<u>Business Activities Cove Orchard</u>					
	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>	<u>Sewer Service District</u>	<u>Agency Funds</u>		<u>Totals</u>
Property taxes	\$ -	\$ 983,497	\$ -	\$ 4,726,429		\$ 5,709,926
Accounts	14,630	2,527,607	493	-		2,528,100
Other	-	29,274	-	-		29,274
	<u>\$ 14,630</u>	<u>\$ 3,540,378</u>	<u>\$ 493</u>	<u>\$ 4,726,429</u>		<u>\$ 8,281,930</u>

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes (continued)

ii. Transactions

	Balances July 1, 2007	2007-08 Levy	Adjustments	Net Interest (Discounts)	Collections	Balances June 30, 2008
Current	\$ -	\$87,542,525	\$ (106,308)	\$(2,122,141)	\$81,746,768	\$ 3,567,308
Prior	4,471,475	-	(71,846)	294,842	2,551,853	2,142,618
	<u>\$4,471,475</u>	<u>\$87,542,525</u>	<u>\$ (178,154)</u>	<u>\$(1,827,299)</u>	<u>\$84,298,621</u>	<u>\$ 5,709,926</u>

iii. Ensuing year's levies

The permanent tax rate is \$2.5775 per \$1,000 of assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2008 was as follows:

	Balances July 1, 2007 (Restated)	Additions	Deletions	Balances June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 2,642,598	\$ 6,436	\$ -	\$ 2,649,034
Right of way	27,583,456	-	-	27,583,456
Gravel roads	19,148,800	-	-	19,148,800
Construction in progress	1,991,452	-	(1,991,452)	-
Total capital assets, not being depreciated	<u>51,366,306</u>	<u>6,436</u>	<u>(1,991,452)</u>	<u>49,381,290</u>
Capital assets being depreciated:				
Buildings	14,255,295	2,304,511	(78,742)	16,481,064
Machinery and equipment	11,330,143	1,372,683	(273,610)	12,429,216
Infrastructure	351,629,375	4,434,883	-	356,064,258
Total capital assets being depreciated	<u>377,214,813</u>	<u>8,112,077</u>	<u>(352,352)</u>	<u>384,974,538</u>
Less accumulated depreciation for:				
Buildings	(4,010,869)	(355,666)	18,876	(4,347,659)
Machinery and equipment	(6,734,982)	(920,055)	243,853	(7,411,184)
Infrastructure	(217,334,902)	(12,209,311)	-	(229,544,213)
Total accumulated depreciation	<u>(228,080,753)</u>	<u>(13,485,032)</u>	<u>262,729</u>	<u>(241,303,056)</u>
Total capital assets being depreciated, net	<u>149,134,060</u>	<u>(5,372,955)</u>	<u>(89,623)</u>	<u>143,671,482</u>
Governmental activities capital assets, net	<u>\$ 200,500,366</u>	<u>\$ (5,366,519)</u>	<u>\$ (2,081,075)</u>	<u>\$ 193,052,772</u>

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 1,050,890
Public safety	53,228
Highways and streets	12,318,132
Health and sanitation	42,093
Parks, culture and recreation	20,689
Total depreciation expense- governmental activities	<u>\$ 13,485,032</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets (continued)

B. Capital asset activity for the business-type activities for the year ended June 30, 2008 was as follows:

	Balances July 1, 2007	Additions	Balances June 30, 2008
Capital assets, not being depreciated			
Land	\$ 78,356	\$ -	\$ 78,356
Capital assets, being depreciated			
Buildings and equipment	957,674	-	957,674
Less accumulated depreciation for:			
Buildings and equipment	<u>(808,260)</u>	<u>(51,997)</u>	<u>(860,257)</u>
Total capital assets, being depreciated, net	<u>149,414</u>	<u>(51,997)</u>	<u>97,417</u>
Total capital assets	<u>\$ 227,770</u>	<u>\$ (65,524)</u>	<u>\$ 175,773</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations

A. Transactions for the year ended June 30, 2008 are as follows:

	Outstanding July 1, 2007	Additions	Reductions	Outstanding June 30, 2008	Balances Due Within One Year
Full Faith and Credit Bond original amount \$1,750,000; interest of 2.0 percent to 4.7 percent					
Principal	\$ 1,115,000	\$ -	\$ 80,000	\$ 1,035,000	\$ 80,000
Interest	-	44,925	44,925	-	
	<u>1,115,000</u>	<u>44,925</u>	<u>124,925</u>	<u>1,035,000</u>	
Loan - Oregon Economic and Community Development Department, original commitment \$1,000,000; interest at 2.61 percent					
Principal	532,101	443,253	-	975,354	975,354
Capital Lease - Key Government Finance Inc. original amount \$291,208; interest at 3.569 percent; secured by equipment					
Principal	120,546	-	59,207	61,339	61,339
Interest	-	3,779	3,779	-	
	<u>120,546</u>	<u>3,779</u>	<u>62,986</u>	<u>61,339</u>	
Vested compensated absences	1,083,733	1,220,410	1,164,461	1,139,682	1,139,682
Principal	2,851,380	1,663,663	1,303,668	3,211,375	
Interest	-	48,704	48,704	-	
	<u>\$ 2,851,380</u>	<u>\$ 1,712,367</u>	<u>\$ 1,352,372</u>	<u>\$ 3,211,375</u>	<u>\$ 2,256,375</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations (continued)

B. The future maturity of all obligations outstanding as of June 30, 2008 is as follows:

Fiscal Year	Full Faith and Credit Bond		Loan	Capital Lease		Vested	Totals	
	August 27, 2003		OECD	Bank of America		Compensated		
	Principal	Interest	Principal	Principal	Interest	Absences	Principal	Interest
2009	\$ 80,000	\$ 42,525	\$ 975,354	\$ 61,339	\$ 1,647	\$ 1,139,682	\$ 2,256,375	\$ 44,172
2010	50,000	40,000	-	-	-	-	50,000	40,000
2011	50,000	38,700	-	-	-	-	50,000	38,700
2012	50,000	36,825	-	-	-	-	50,000	36,825
2013	55,000	34,725	-	-	-	-	55,000	34,725
2014-18	295,000	138,230	-	-	-	-	295,000	138,230
2019-23	370,000	64,485	-	-	-	-	370,000	64,485
2024	85,000	1,998	-	-	-	-	85,000	1,998
	<u>\$ 1,035,000</u>	<u>\$ 397,488</u>	<u>\$ 975,354</u>	<u>\$ 61,339</u>	<u>\$ 1,647</u>	<u>\$ 1,139,682</u>	<u>\$ 3,211,375</u>	<u>\$ 399,135</u>

C. The County has issued two limited obligation ("conduit") revenue bonds for the express purpose of providing capital financing for specific third parties. Although the conduit debt obligations bear the name of the County, the County has no obligation for such debt; accordingly, the debt is not reported as a liability in the County's financial statements.

On April 3, 2003, Yamhill County created a component unit, the Yamhill County Hospital Authority ("Authority"). On April 24, 2003 the Authority issued \$17,500,000 in revenue bonds. The proceeds of these bonds were assigned to Friendsview Manor, a non-profit organization to finance the costs of a new retirement facility. Friendsview Manor pledged revenue to secure the payment of the bonds. On October 24, 2007, Friendsview Manor issued variable rate demand series 2007 bonds in the amount of \$23,620,000 to fully defease the 2003 revenue bonds.

On May 1, 2005, Yamhill County issued its tax-exempt variable rate demand revenue bonds, series 2005A and its federally taxable variable demand rate revenue bonds, series 2005B in the aggregate principal amount not to exceed \$28,400,000. The bonds that were issued 2005A Series 2005B can be collectively be referred to as "the Series 2005 bonds". The proceeds of the series 2005 bonds were assigned to George Fox University ("University") to (1) finance the costs of construction, additions, renovations, improvements and equipping of the University's new residence hall and the Herbert Hoover Academic Building, (2) improvements to parking areas and athletic facilities, (3) acquisition of property contiguous to the Newberg Campus and capital improvements thereto, (4) improvements to educational and educational support facilities located on the Newberg Campus, (5) provide funds sufficient to pay maturing principal of and interest on the 1997 series A bonds when due beginning October 1, 2005, and redeem all remaining principal amounts on the 1997 Series A bonds on March 1, 2007.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund Balances and Transfers

Interfund transfers used to reallocate financial resources to funds where they will be expended were as follows:

Due to:	Due from:			Totals
	General	Road	Capital Improvement	
Solid Waste	\$ 327,281	\$ -	\$ 723,504	\$ 1,050,785
Internal Service	-	-	59,151	59,151
Other governmental Funds	-	145,000	194,546	339,546
Total	\$ 327,281	\$ 145,000	\$ 977,201	\$ 1,449,482

The \$327,281 payable to the General Fund from Solid Waster Fund was used for the purchase of the YCAP building and the property at 420 7th Street in McMinnville. The \$723,504 from Capital Improvement Fund to the Solid Waste Fund was used for the purchase of a property at 638 Davis Street and a block of properties which consisted of 3 large commercial buildings in McMinnville. The \$194,546 payable to the other governmental funds from the Capital Improvement Fund is related to the local match for the new Health and Human Services buildings. The \$59,151 payable to the Internal Service Funds from the Capital Improvement Fund was used for the purchase of a property at 602 Davis Street.

Transfer out:	Transfer in:					Totals
	General	Road	Health and Human Services	Capital Improvement	Other Governmental Funds	
General	\$ -	\$ -	\$ 1,047,477	\$ 417,717	\$ 445,769	\$ 1,910,963
Solid Waste	66,000	-	-	-	-	66,000
Other governmental Funds	-	31,500	25,000	-	-	56,500
Total	\$ 66,000	\$ 31,500	\$ 1,072,477	\$ 417,717	\$ 445,769	\$ 2,033,463

Transfers within and between funds were made primarily to facilitate operations of County Services. The amounts transferred from the General fund to Health and Human Services and Community Corrections were budgeted transfers to provide sufficient operating revenue to meet community needs. The transfers from the General Fund to the Capital Improvement fund were made to help pay for capital improvements to real property the County owns in the area. The transfer from the General Fund to the Community Corrections Fund was made primarily to assist the Sheriff in the operation of the jail and a small amount to operate the District Attorney's Office.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Deferred Revenue

Resources owned by the County, which are measurable but not available, and are deferred in the governmental funds, consist of the following:

	General	Health and Human Services	Capital Improvement	Other Governmental Funds	Totals
Property taxes	\$ 908,918	\$ -	\$ 5,046	\$ 22,033	\$ 935,997
Other	23,000	27,343	-	15,943	66,286
Prepaid items	5,000	-	25,000	-	30,000
Total	<u>\$ 936,918</u>	<u>\$ 27,343</u>	<u>\$ 30,046</u>	<u>\$ 37,976</u>	<u>\$ 1,032,283</u>

8. Retirement Plan

The County contributes to the Oregon Public Employees' Retirement System (PERS), an agent multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), an agent multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the OPSRP IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

County employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the County to pay this amount on behalf of the employees. The County's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include:

- Long-term inflation rate of 2.75 percent per year
- Rate of return on investments of 8 percent
- Projected increases in salaries of 3.75 percent
- Health cost inflation graded from 9% in 2007 to 5% in 2013

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Retirement Plan (continued)

During the year, the County's contribution rates were as follows:

For employees hired before August 29, 2003 – 14.18 percent
 For employees hired after August 29, 2003:
 Police and fire – 11.65 percent
 All other employees – 8.04 percent

The actuarial value of assets is determined using the Expected Value Method. The County's unfunded actuarial liability is being amortized as a level percentage of payroll over 30 years on an open basis. The County's annual pension cost was equal to the County's required and actual contributions.

The County's contribution to the plan for the years ending June 30, 2008, 2007, and 2006, were as follows:

June 30,	Annual Pension Cost (APC)	Contributions	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 2,919,121	\$ 2,919,121	100	\$ -
2007	2,409,468	2,409,468	100	-
2006	2,452,669	2,452,669	100	-

The County's schedule of funding progress as of the dates of actuarial valuations is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
2007	\$ 53,483,124	\$ 38,797,756	\$ (14,685,368)	138%	\$ 19,196,097	(77%)
2006	48,376,680	35,252,368	(13,124,312)	137%	18,238,600	(72%)
2005	40,848,229	31,906,359	(8,941,870)	128%	16,765,134	(53%)
2004	32,355,464	30,084,814	(2,270,650)	108%	16,198,706	(14%)
2003	25,246,454	26,093,816	847,362	97%	15,193,244	6%
2001	22,367,955	19,185,831	(3,182,124)	117%	15,864,020	(20%)
1999	19,367,517	14,225,527	(5,141,990)	136%	14,324,130	(36%)

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Commitments

The County has significant outstanding road improvement commitments. At June 30, 2008, commitments amounted to \$62,312.

10. Contingency – Sick Leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2008, employees of the County had accumulated 5,373 days of sick leave.

11. Litigation

The County, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these suits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material adverse effect on the County's General Fund.

12. Net Assets Restricted Through Enabling Legislation

Net assets resulting from the County's receipt of state gas tax revenue are restricted for road repairs and improvements in the amount of \$1,394,998.

13. Expenditures in Excess of Appropriations

Oregon law prohibits expenditures or expenses of a fund in excess of board-approved appropriations.

Expenditures in excess of appropriations were made in the following:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
Emergency Services	\$ 138,198	\$ 138,594	\$ (396)
Road			
Motor Vehicle	543,084	554,229	(11,145)
Solid Waste			
Capital outlay	--	11,932	(11,932)

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Solid Waste Landfills

Yamhill County owns two landfills located within the County, both of which were closed in the Mid-1980s. The County has a \$3 million Financial Assurance Bond for Environmental Impairment on each landfill and a \$10 million insurance policy against any ground water contamination or gas migration on each landfill. The Oregon Department of Environmental Quality. (DEQ) has agreed that this is sufficient to cover any liabilities. The County accounts for the costs of maintaining the closed landfills in the Solid Waste Fund.

15. Related party transactions

Yamhill Communications Agency (Agency) provides public safety communication services to member jurisdictions. The County entered into an Intergovernmental agreement with the Agency effective July 1, 2006. The County provided, at no cost, a facility radio maintenance shop and operational space, including routine maintenance and utilities. The Agency leases from the County and the County provides, on a contract basis, legal, accounting and information services to the Agency. The Agency paid the County \$87,618 for the lease and other services during the year ended June 30, 2008.

16. Fund deficits

The financial statements include a cumulative fund deficit in the Capital Improvement Fund of \$(1,017,769).

The deficit will be eliminated in the subsequent year by transfers from other funds.

17. Prior period adjustment

Net assets have been restated as of June 30, 2007 to correct an error in accounting for capital assets. A prior period adjustment in the amount of \$15,515,238 was made to governmental activities.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

YAMHILL COUNTY

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2008

	Special Revenue	Capital Projects	Totals
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
Cash and investments	\$ 7,006,535	\$ 1,578,679	\$ 8,585,214
Receivables	313,673	6,798	320,471
Prepays	9,986	-	9,986
Due from other funds	194,546	145,000	339,546
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 7,524,740	\$ 1,730,477	\$ 9,255,217
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Account payable	\$ 797,383	\$ 12,478	\$ 809,861
Payroll and related liabilities	77,999	-	77,999
Deposits	51,741	-	51,741
Deferred revenue	37,976	-	37,976
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	965,099	12,478	977,577
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Reserved for bridge repair	1,406,426	-	1,406,426
Unreserved	5,153,215	1,717,999	6,871,214
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	6,559,641	1,717,999	8,277,640
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,524,740	\$ 1,730,477	\$ 9,255,217
	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2008**

	Special Revenue	Capital Projects	Totals
REVENUES			
Property taxes	\$ 886,747	\$ -	\$ 886,747
Licenses, permits and fees	300,543	-	300,543
Intergovernmental	4,400,113	40,996	4,441,109
Charges for services	2,357,909	414,966	2,772,875
Fines and forfeitures	102,750	-	102,750
Interest	242,094	60,599	302,693
Other	250,829	8,680	259,509
TOTAL REVENUES	<u>8,540,985</u>	<u>525,241</u>	<u>9,066,226</u>
EXPENDITURES			
Current			
General government	5,662,156	255,044	5,917,200
Public safety	4,706,538	1,408	4,707,946
Parks, culture, and recreation	594,204	-	594,204
Education	427,401	-	427,401
Capital outlay	233,414	-	233,414
Debt service	25,389	-	25,389
TOTAL EXPENDITURES	<u>11,649,102</u>	<u>256,452</u>	<u>11,905,554</u>
Excess (deficiency) of revenues over expenditures	<u>(3,108,117)</u>	<u>268,789</u>	<u>(2,839,328)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	445,769	-	445,769
Transfers out	(56,500)	-	(56,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>389,269</u>	<u>-</u>	<u>389,269</u>
Net change in fund balances	(2,718,848)	268,789	(2,450,059)
Fund balances at beginning of year	<u>9,278,489</u>	<u>1,449,210</u>	<u>10,727,699</u>
Fund balances at end of year	<u>\$ 6,559,641</u>	<u>\$ 1,717,999</u>	<u>\$ 8,277,640</u>

YAMHILL COUNTY

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2008**

	Community Corrections	Capital Projects	County Clerk's Records	Dog Control	Law Library	Commission on Children and Families	County Fair	911 Emergency System
<u>ASSETS</u>								
Cash and investments	\$ 2,473,115	\$ 1,870,033	\$ 160,197	\$ 277,769	\$ 41,689	\$ 164,240	\$ 136,143	\$ 22,610
Receivables	138,107	4,561	413	849	6,939	54,801	3,989	63,123
Prepays	-	-	-	-	-	-	9,986	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,611,222	\$ 1,874,594	\$ 160,610	\$ 278,618	\$ 48,628	\$ 219,041	\$ 150,118	\$ 85,733
<u>LIABILITIES</u>								
Account payable	\$ 131,822	\$ 468,168	\$ -	\$ 9,849	\$ 9,797	\$ 107,629	\$ 50,380	\$ -
Payroll and related liabilities	61,573	-	335	3,862	250	4,698	51	-
Deposits	-	-	-	4,684	-	-	-	-
Deferred revenue	-	-	-	-	-	-	15,943	-
TOTAL LIABILITIES	193,395	468,168	335	18,395	10,047	112,327	66,374	-
<u>FUND BALANCES</u>								
Reserved for bridge repair	-	1,406,426	-	-	-	-	-	-
Unreserved	2,417,827	-	160,275	260,223	38,581	106,714	83,744	85,733
TOTAL FUND BALANCES	2,417,827	1,406,426	160,275	260,223	38,581	106,714	83,744	85,733
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,611,222	\$ 1,874,594	\$ 160,610	\$ 278,618	\$ 48,628	\$ 219,041	\$ 150,118	\$ 85,733

Economic Development	Corner Restoration	Systems Development	Title III	Communications Levy	Courthouse Security	O&C Reserve	Yamhill Emergency Communications District	Extension Service District	Totals
\$ 349,583	\$ 684,985	\$ 102,555	\$ 28,614	\$ (196)	\$ 19,993	\$ 643,918	\$ 5,394	\$ 25,893	\$ 7,006,535
842	1,689	266	69	1	6,639	1,522	8,538	21,325	313,673
-	-	-	-	-	-	-	-	-	9,986
-	194,546	-	-	-	-	-	-	-	194,546
<u>\$ 350,425</u>	<u>\$ 881,220</u>	<u>\$ 102,821</u>	<u>\$ 28,683</u>	<u>\$ (195)</u>	<u>\$ 26,632</u>	<u>\$ 645,440</u>	<u>\$ 13,932</u>	<u>\$ 47,218</u>	<u>\$ 7,524,740</u>
\$ 5,210	\$ 3,381	\$ 1,533	\$ 337	\$ (357)	\$ 3,301	\$ -	\$ 5,410	\$ 923	\$ 797,383
786	2,572	-	-	-	3,872	-	-	-	77,999
-	47,057	-	-	-	-	-	-	-	51,741
-	-	-	-	-	-	-	6,364	15,669	37,976
5,996	53,010	1,533	337	(357)	7,173	-	11,774	16,592	965,099
-	-	-	-	-	-	-	-	-	1,406,426
344,429	828,210	101,288	28,346	162	19,459	645,440	2,158	30,626	5,153,215
344,429	828,210	101,288	28,346	162	19,459	645,440	2,158	30,626	6,559,641
<u>\$ 350,425</u>	<u>\$ 881,220</u>	<u>\$ 102,821</u>	<u>\$ 28,683</u>	<u>\$ (195)</u>	<u>\$ 26,632</u>	<u>\$ 645,440</u>	<u>\$ 13,932</u>	<u>\$ 47,218</u>	<u>\$ 7,524,740</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2008**

	Community Corrections	Capital Projects	County Clerk's Records	Dog Control	Law Library	County School	Commission on Children and Families	County Fair
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	300,543	-	-	-	-
Intergovernmental	2,649,330	-	-	-	-	166,609	689,653	49,405
Charges for services	1,449,062	-	22,239	25,157	92,712	-	1,194	367,414
Fines and forfeitures	-	-	-	22,240	-	-	-	-
Interest	-	149,249	6,050	-	1,377	322	9,906	3,197
Other	122,973	-	-	55,002	48	1,499	133	71,163
TOTAL REVENUES	4,221,365	149,249	28,289	402,942	94,137	168,430	700,886	491,179
EXPENDITURES								
Current								
General government	-	3,972,911	18,464	-	87,370	-	645,528	-
Public safety	3,974,335	-	-	301,796	-	-	-	-
Parks, culture, and recreation	-	-	-	-	-	-	-	428,053
Education	-	-	-	-	-	169,102	-	-
Capital outlay	139,682	-	-	6,436	-	-	-	87,296
Debt service	25,389	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,139,406	3,972,911	18,464	308,232	87,370	169,102	645,528	515,349
Excess (deficiency) of revenues over expenditures	81,959	(3,823,662)	9,825	94,710	6,767	(672)	55,358	(24,170)
OTHER FINANCING SOURCES (USES)								
Transfers in	405,660	-	-	-	-	-	-	-
Transfers out	(56,500)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	349,160	-	-	-	-	-	-	-
Net change in fund balances	431,119	(3,823,662)	9,825	94,710	6,767	(672)	55,358	(24,170)
Fund balances at beginning of year	1,986,708	5,230,088	150,450	165,513	31,814	672	51,356	107,914
Fund balances at end of year	\$ 2,417,827	\$ 1,406,426	\$ 160,275	\$ 260,223	\$ 38,581	\$ -	\$ 106,714	\$ 83,744

911 Emergency System	Economic Development	Corner Restoration	Systems Development	Title III	Communications Levy	Courthouse Security	O&C Reserve	Yamhill Emergency Communications District	Extension Service District	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 629,029	\$ 6,834	\$ 250,884	\$ 886,747
-	-	-	-	-	-	-	-	-	-	300,543
235,715	353,815	-	-	242,730	12,856	-	-	-	-	4,400,113
-	-	207,683	192,448	-	-	-	-	-	-	2,357,909
-	-	-	-	-	-	80,510	-	-	-	102,750
1,541	14,481	26,958	5,002	3,724	496	122	16,411	345	2,913	242,094
-	-	-	-	-	-	11	-	-	-	250,829
<u>237,256</u>	<u>368,296</u>	<u>234,641</u>	<u>197,450</u>	<u>246,454</u>	<u>13,352</u>	<u>80,643</u>	<u>645,440</u>	<u>7,179</u>	<u>253,797</u>	<u>8,540,985</u>
-	375,350	182,426	-	322,010	26,847	-	-	31,250	-	5,662,156
289,666	-	-	-	-	-	140,741	-	-	-	4,706,538
-	-	-	166,151	-	-	-	-	-	-	594,204
-	-	-	-	-	-	-	-	-	258,299	427,401
-	-	-	-	-	-	-	-	-	-	233,414
-	-	-	-	-	-	-	-	-	-	25,389
<u>289,666</u>	<u>375,350</u>	<u>182,426</u>	<u>166,151</u>	<u>322,010</u>	<u>26,847</u>	<u>140,741</u>	<u>-</u>	<u>31,250</u>	<u>258,299</u>	<u>11,649,102</u>
<u>(52,410)</u>	<u>(7,054)</u>	<u>52,215</u>	<u>31,299</u>	<u>(75,556)</u>	<u>(13,495)</u>	<u>(60,098)</u>	<u>645,440</u>	<u>(24,071)</u>	<u>(4,502)</u>	<u>(3,108,117)</u>
-	-	-	-	-	-	40,109	-	-	-	445,769
-	-	-	-	-	-	-	-	-	-	(56,500)
-	-	-	-	-	-	40,109	-	-	-	389,269
<u>(52,410)</u>	<u>(7,054)</u>	<u>52,215</u>	<u>31,299</u>	<u>(75,556)</u>	<u>(13,495)</u>	<u>(19,989)</u>	<u>645,440</u>	<u>(24,071)</u>	<u>(4,502)</u>	<u>(2,718,848)</u>
<u>138,143</u>	<u>351,483</u>	<u>775,995</u>	<u>69,989</u>	<u>103,902</u>	<u>13,657</u>	<u>39,448</u>	<u>-</u>	<u>26,229</u>	<u>35,128</u>	<u>9,278,489</u>
<u>\$ 85,733</u>	<u>\$ 344,429</u>	<u>\$ 828,210</u>	<u>\$ 101,288</u>	<u>\$ 28,346</u>	<u>\$ 162</u>	<u>\$ 19,459</u>	<u>\$ 645,440</u>	<u>\$ 2,158</u>	<u>\$ 30,626</u>	<u>\$ 6,559,641</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY CORRECTIONS - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,706,145	\$ 2,649,330	\$ (56,815)
Charges for services	1,422,050	1,449,062	27,012
Interest earnings	70,000	-	(70,000)
Other	<u>18,000</u>	<u>122,973</u>	<u>104,973</u>
TOTAL REVENUES	<u>4,216,195</u>	<u>4,221,365</u>	<u>5,170</u>
EXPENDITURES			
Jail			
Personal services	344,882	332,600	12,282
Materials and services	445,640	390,631	55,009
Capital outlay	<u>515,000</u>	<u>139,682</u>	<u>375,318</u>
Total Jail	<u>1,305,522</u>	<u>862,913</u>	<u>442,609</u>
Community Corrections			
Personal services	148,115	138,342	9,773
Materials and services	<u>27,941</u>	<u>23,484</u>	<u>4,457</u>
Total Community Corrections	<u>176,056</u>	<u>161,826</u>	<u>14,230</u>
State Enhancement			
Personal services	1,528,413	1,405,921	122,492
Materials and services	816,552	555,813	260,739
Capital outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total State Enhancement	<u>2,354,965</u>	<u>1,961,734</u>	<u>393,231</u>
Victims Panel			
Materials and services	<u>3,535</u>	<u>2,164</u>	<u>1,371</u>
Total Victims Panel	<u>3,535</u>	<u>2,164</u>	<u>1,371</u>

Continued on page 49

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY CORRECTIONS - SPECIAL REVENUE FUND (Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (continued)			
Work Release			
Personal services	\$ 420,318	\$ 362,483	\$ 57,835
Materials and services	<u>58,850</u>	<u>46,470</u>	<u>12,380</u>
Total Work Release	<u>479,168</u>	<u>408,953</u>	<u>70,215</u>
Senate Bill 1145			
Personal services	217,843	233,452	(15,609)
Materials and services	<u>77,937</u>	<u>32,262</u>	<u>45,675</u>
Total Senate Bill 1145	<u>295,780</u>	<u>265,714</u>	<u>30,066</u>
Jail Facilities Maintenance			
Personal services	198,509	190,466	8,043
Materials and services	<u>296,385</u>	<u>285,636</u>	<u>10,749</u>
Total Jail Facilities Maintenance	<u>494,894</u>	<u>476,102</u>	<u>18,792</u>
Contingency	<u>332,367</u>	<u>-</u>	<u>332,367</u>
TOTAL EXPENDITURES	<u>5,442,287</u>	<u>4,139,406</u>	<u>1,302,881</u>
Excess (deficiency) of revenues over expenditures	<u>(1,226,092)</u>	<u>81,959</u>	<u>1,308,051</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	405,660	405,660
Transfers out	<u>(56,500)</u>	<u>(56,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(56,500)</u>	<u>349,160</u>	<u>405,660</u>
Net change in fund balance	(1,282,592)	431,119	1,713,711
Fund balance at beginning of year	<u>1,712,022</u>	<u>1,986,708</u>	<u>274,686</u>
Fund balance at end of year	<u>\$ 429,430</u>	<u>\$ 2,417,827</u>	<u>\$ 1,988,397</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest earnings	\$ 200,000	\$ 149,249	\$ (50,751)
EXPENDITURES			
Materials and services	4,077,059	3,972,911	104,148
Contingency	<u>911,012</u>	<u>-</u>	<u>911,012</u>
TOTAL EXPENDITURES	<u>4,988,071</u>	<u>3,972,911</u>	<u>1,015,160</u>
Net change in fund balance	(4,788,071)	(3,823,662)	964,409
Fund balance at beginning of year	<u>4,788,071</u>	<u>5,230,088</u>	<u>442,017</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,406,426</u>	<u>\$ 1,406,426</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY CLERK'S RECORDS - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 21,301	\$ 22,239	\$ 938
Interest earnings	<u>3,000</u>	<u>6,050</u>	<u>3,050</u>
TOTAL REVENUES	<u>24,301</u>	<u>28,289</u>	<u>3,988</u>
EXPENDITURES			
Personal services	16,713	1,305	15,408
Materials and services	62,320	17,159	45,161
Capital outlay	<u>15,000</u>	<u>-</u>	<u>15,000</u>
TOTAL EXPENDITURES	<u>94,033</u>	<u>18,464</u>	<u>75,569</u>
Net change in fund balance	(69,732)	9,825	79,557
Fund balance at beginning of year	<u>130,000</u>	<u>150,450</u>	<u>20,450</u>
Fund balance at end of year	<u>\$ 60,268</u>	<u>\$ 160,275</u>	<u>\$ 100,007</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOG CONTROL - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 195,000	\$ 300,543	\$ 105,543
Charges for services	27,700	25,157	(2,543)
Fines and penalties	5,000	22,240	17,240
Interest earnings	3,100	-	(3,100)
Miscellaneous	<u>9,260</u>	<u>55,002</u>	<u>45,742</u>
 TOTAL REVENUES	 <u>240,060</u>	 <u>402,942</u>	 <u>162,882</u>
 EXPENDITURES			
Personal services	235,288	210,749	24,539
Materials and services	90,791	91,047	(256)
Capital outlay	<u>-</u>	<u>6,436</u>	<u>(6,436)</u>
 TOTAL EXPENDITURES	 <u>326,079</u>	 <u>308,232</u>	 <u>17,847</u>
 Net change in fund balance	 (86,019)	 94,710	 180,729
Fund balance at beginning of year	<u>86,019</u>	<u>165,513</u>	<u>79,494</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 260,223</u>	 <u>\$ 260,223</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAW LIBRARY - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 20	\$ 92,712	\$ 92,692
Fines and penalties	74,000	-	(74,000)
Interest earnings	600	1,377	777
Miscellaneous	<u>60</u>	<u>48</u>	<u>(12)</u>
 TOTAL REVENUES	 <u>74,680</u>	 <u>94,137</u>	 <u>19,457</u>
 EXPENDITURES			
Personal services	9,679	8,048	1,631
Materials and services	81,321	79,322	1,999
Contingency	<u>5,339</u>	<u>-</u>	<u>5,339</u>
 TOTAL EXPENDITURES	 <u>96,339</u>	 <u>87,370</u>	 <u>8,969</u>
 Net change in fund balance	 (21,659)	 6,767	 28,426
Fund balance at beginning of year	<u>21,659</u>	<u>31,814</u>	<u>10,155</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 38,581</u>	 <u>\$ 38,581</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY SCHOOL - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 175,000	\$ 166,609	\$ (8,391)
Interest earnings	1,000	322	(678)
Miscellaneous	<u>-</u>	<u>1,499</u>	<u>1,499</u>
 TOTAL REVENUES	 176,000	 168,430	 (7,570)
 EXPENDITURES			
Materials and services	<u>176,000</u>	<u>169,102</u>	<u>6,898</u>
 Net change in fund balance	 -	 (672)	 (672)
Fund balance at beginning of year	<u>-</u>	<u>672</u>	<u>672</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMISSION ON CHILDREN AND FAMILIES - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 895,392	\$ 689,653	\$ (205,739)
Charges for services	2,000	1,194	(806)
Interest earnings	7,624	9,906	2,282
Other	-	133	133
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	905,016	700,886	(204,130)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Personal services	207,303	137,559	69,744
Materials and services	740,245	507,969	232,276
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	947,548	645,528	302,020
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(42,532)	55,358	97,890
Fund balance at beginning of year	42,532	51,356	8,824
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ -	\$ 106,714	\$ 106,714
	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY FAIR - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 48,000	\$ 49,405	\$ 1,405
Charges for services	283,664	367,414	83,750
Interest earnings	1,000	3,197	(4,197)
Other	<u>57,346</u>	<u>71,163</u>	<u>13,817</u>
TOTAL REVENUES	<u>390,010</u>	<u>491,179</u>	<u>94,775</u>
EXPENDITURES			
County Fair			
Personal services	-	(23)	23
Materials and services	183,700	185,763	(2,063)
Capital outlay	<u>-</u>	<u>3,156</u>	<u>(3,156)</u>
Total County Fair	<u>183,700</u>	<u>188,896</u>	<u>(5,196)</u>
Fair Event Center			
Personal services	46,030	50,585	(4,555)
Materials and services	177,080	191,728	(14,648)
Capital outlay	<u>80,615</u>	<u>84,140</u>	<u>(3,525)</u>
Total Fair Event Center	<u>303,725</u>	<u>326,453</u>	<u>(22,728)</u>
TOTAL EXPENDITURES	<u>487,425</u>	<u>515,349</u>	<u>(27,924)</u>
Net change in fund balance	(97,415)	(24,170)	73,245
Fund balance at beginning of year	<u>97,415</u>	<u>107,914</u>	<u>10,499</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 83,744</u>	<u>\$ 83,744</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
911 EMERGENCY SYSTEM - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 235,000	\$ 235,715	\$ 715
Interest earnings	<u>3,000</u>	<u>1,541</u>	<u>(1,459)</u>
TOTAL REVENUES	238,000	237,256	(744)
EXPENDITURES			
Materials and services	<u>298,000</u>	<u>289,666</u>	<u>8,334</u>
Net change in fund balance	(60,000)	(52,410)	7,590
Fund balance at beginning of year	<u>60,000</u>	<u>138,143</u>	<u>78,143</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 85,733</u>	 <u>\$ 85,733</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 310,000	\$ 353,815	\$ 43,815
Interest earnings	<u>14,000</u>	<u>14,481</u>	<u>481</u>
TOTAL REVENUES	<u>324,000</u>	<u>368,296</u>	<u>44,296</u>
EXPENDITURES			
Personal services	116,246	46,136	70,110
Materials and services	<u>480,254</u>	<u>329,214</u>	<u>151,040</u>
TOTAL EXPENDITURES	<u>596,500</u>	<u>375,350</u>	<u>221,150</u>
Net change in fund balance	(272,500)	(7,054)	265,446
Fund balance at beginning of year	<u>272,500</u>	<u>351,483</u>	<u>78,983</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 344,429</u>	<u>\$ 344,429</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CORNER RESTORATION - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 250,600	\$ 207,683	\$ (42,917)
Interest earnings	<u>10,000</u>	<u>26,958</u>	<u>16,958</u>
TOTAL REVENUES	<u>260,600</u>	<u>234,641</u>	<u>(25,959)</u>
EXPENDITURES			
Personal services	136,744	129,682	7,062
Materials and services	14,194	13,979	215
Capital outlay	<u>50,000</u>	<u>38,765</u>	<u>11,235</u>
TOTAL EXPENDITURES	<u>200,938</u>	<u>182,426</u>	<u>18,512</u>
Net change in fund balance	59,662	52,215	(7,447)
Fund balance at beginning of year	<u>663,000</u>	<u>775,995</u>	<u>112,995</u>
Fund balance at end of year	<u>\$ 722,662</u>	<u>\$ 828,210</u>	<u>\$ 105,548</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SYSTEMS DEVELOPMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 54,000	\$ 192,448	\$ 138,448
Interest earnings	<u>2,600</u>	<u>5,002</u>	<u>2,402</u>
TOTAL REVENUES	<u>56,600</u>	<u>197,450</u>	<u>140,850</u>
EXPENDITURES			
Non-departmental			
Materials and services	<u>4,000</u>	<u>1,343</u>	<u>2,657</u>
Total Non-departmental	<u>4,000</u>	<u>1,343</u>	<u>2,657</u>
County Fair			
Materials and services	-	7,762	(7,762)
Capital outlay	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total County Fair	<u>8,000</u>	<u>7,762</u>	<u>238</u>
Parks			
Materials and services	<u>28,248</u>	<u>142,046</u>	<u>(113,798)</u>
Total Parks	<u>28,248</u>	<u>142,046</u>	<u>(113,798)</u>
Parks System Development			
Capital outlay	<u>85,000</u>	<u>15,000</u>	<u>70,000</u>
Total Parks System Development	<u>85,000</u>	<u>15,000</u>	<u>70,000</u>
TOTAL EXPENDITURES	<u>125,248</u>	<u>166,151</u>	<u>(40,903)</u>
Net change in fund balance	(68,648)	31,299	99,947
Fund balance at beginning of year	<u>68,648</u>	<u>69,989</u>	<u>1,341</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 101,288</u>	<u>\$ 101,288</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TITLE III - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 243,230	\$ 242,730	\$ (500)
Interest earnings	<u>2,500</u>	<u>3,724</u>	<u>1,224</u>
 TOTAL REVENUES	 245,730	 246,454	 724
 EXPENDITURES			
Materials and services	<u>352,730</u>	<u>322,010</u>	<u>30,720</u>
 Net change in fund balance	 (107,000)	 (75,556)	 31,444
Fund balance at beginning of year	<u>107,000</u>	<u>103,902</u>	<u>(3,098)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 28,346</u>	 <u>\$ 28,346</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNICATIONS LEVY - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 23,500	\$ 12,856	\$ (10,644)
Interest earnings	500	496	(4)
Other Revenue	<u>310,000</u>	<u>-</u>	<u>(310,000)</u>
TOTAL REVENUES	334,000	13,352	(320,648)
EXPENDITURES			
Materials and services	<u>338,000</u>	<u>26,847</u>	<u>311,153</u>
Net change in fund balance	(4,000)	(13,495)	(9,495)
Fund balance at beginning of year	<u>4,000</u>	<u>13,657</u>	<u>9,657</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 162</u>	 <u>\$ 162</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURTHOUSE SECURITY - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 81,453	\$ -	\$ (81,453)
Fines and penalties	50,000	80,510	30,510
Interest earnings	-	122	122
Miscellaneous	<u>-</u>	<u>11</u>	<u>11</u>
TOTAL REVENUES	<u>131,453</u>	<u>80,643</u>	<u>(50,810)</u>
EXPENDITURES			
Personal services	160,362	128,620	31,742
Materials and services	<u>15,200</u>	<u>12,121</u>	<u>3,079</u>
TOTAL EXPENDITURES	<u>175,562</u>	<u>140,741</u>	<u>34,821</u>
Excess (deficiency) of revenues over expenditures	(44,109)	(60,098)	(15,989)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>40,109</u>	<u>40,109</u>	<u>-</u>
Net change in fund balance	(4,000)	(19,989)	(15,989)
Fund balance at beginning of year	<u>4,000</u>	<u>39,448</u>	<u>35,448</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 19,459</u>	<u>\$ 19,459</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
O&C RESERVE - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 630,000	\$ 629,029	\$ (971)
Interest earnings	<u>-</u>	<u>16,411</u>	<u>16,411</u>
 TOTAL REVENUES	 630,000	 645,440	 15,440
 EXPENDITURES			
Materials and services	<u>630,000</u>	<u>-</u>	<u>630,000</u>
 Net change in fund balance	 -	 645,440	 645,440
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 645,440</u>	 <u>\$ 645,440</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YAMHILL EMERGENCY COMMUNICATIONS DISTRICT - SPECIAL REVENUE FUND
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 10,000	\$ 6,834	\$ (3,166)
Investment earnings	500	345	(155)
TOTAL REVENUES	<u>10,500</u>	<u>7,179</u>	<u>(3,321)</u>
EXPENDITURES			
Materials and services	<u>31,250</u>	<u>31,250</u>	<u>-</u>
Net change in fund balance	(20,750)	(24,071)	(3,321)
Fund balance at beginning of year	<u>20,750</u>	<u>26,229</u>	<u>5,479</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,158</u>	<u>\$ 2,158</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EXTENSION SERVICE DISTRICT - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 253,226	\$ 250,884	\$ (2,342)
Interest	4,000	2,913	(1,087)
TOTAL REVENUES	<u>257,226</u>	<u>253,797</u>	<u>(3,429)</u>
EXPENDITURES			
Materials and services	259,726	258,299	1,427
Contingency	15,000	-	15,000
TOTAL EXPENDITURES	<u>274,726</u>	<u>258,299</u>	<u>16,427</u>
Net change in fund balance	(17,500)	(4,502)	12,998
Fund balance at beginning of year	40,000	35,128	(4,872)
Fund balance at end of year	<u>\$ 22,500</u>	<u>\$ 30,626</u>	<u>\$ 8,126</u>

YAMHILL COUNTY

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
June 30, 2008**

	Bicycle and Footpath	Motor Vehicle Replacement	Totals
<u>ASSETS</u>			
Cash and investments	\$ 382,847	\$ 1,195,832	\$ 1,578,679
Receivables	3,970	2,828	6,798
Due from other funds	-	145,000	145,000
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>386,817</u>	\$ <u>1,343,660</u>	\$ <u>1,730,477</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 12,478	\$ 12,478
<u>FUND BALANCES</u>			
Unreserved	<u>386,817</u>	<u>1,331,182</u>	<u>1,717,999</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>386,817</u>	\$ <u>1,343,660</u>	\$ <u>1,730,477</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
Year Ended June 30, 2008**

	Bicycle and Footpath	Motor Vehicle Replacement	Totals
REVENUES			
Intergovernmental	\$ 40,996	\$ -	\$ 40,996
Charges for services	-	414,966	414,966
Interest	14,161	46,438	60,599
Other	-	8,680	8,680
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	55,157	470,084	525,241
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	-	255,044	255,044
Public safety	1,408	-	1,408
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,408	255,044	256,452
	<hr/>	<hr/>	<hr/>
Net change in fund balances	53,749	215,040	268,789
Fund balances at beginning of year	333,068	1,116,142	1,449,210
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 386,817	\$ 1,331,182	\$ 1,717,999
	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BICYCLE AND FOOTPATH - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 46,000	\$ 40,996	\$ (5,004)
Interest earnings	<u>10,000</u>	<u>14,161</u>	<u>4,161</u>
TOTAL REVENUES	56,000	55,157	(843)
EXPENDITURES			
Materials and services	<u>391,625</u>	<u>1,408</u>	<u>390,217</u>
Net change in fund balance	(335,625)	53,749	389,374
Fund balance at beginning of year	<u>335,625</u>	<u>333,068</u>	<u>(2,557)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 386,817</u>	 <u>\$ 386,817</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR VEHICLE IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 230,860	\$ 414,966	\$ 184,106
Interest earnings	40,000	46,438	6,438
Other	<u>177,300</u>	<u>8,680</u>	<u>(168,620)</u>
TOTAL REVENUES	<u>448,160</u>	<u>470,084</u>	<u>21,924</u>
EXPENDITURES			
Materials and services	71,880	66,431	5,449
Capital outlay	<u>939,964</u>	<u>188,613</u>	<u>751,351</u>
TOTAL EXPENDITURES	<u>1,011,844</u>	<u>255,044</u>	<u>756,800</u>
Net change in fund balance	(563,684)	215,040	778,724
Fund balance at beginning of year	<u>1,019,435</u>	<u>1,116,142</u>	<u>96,707</u>
Fund balance at end of year	<u>\$ 455,751</u>	<u>\$ 1,331,182</u>	<u>\$ 875,431</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COVE ORCHARD SERVICE DISTRICT - ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 50,000	\$ 49,915	\$ (85)
Interest	<u>3,000</u>	<u>4,180</u>	<u>1,180</u>
 TOTAL REVENUES	 <u>53,000</u>	 <u>54,095</u>	 <u>1,095</u>
 EXPENDITURES			
Personal services	4,797	3,797	1,000
Materials and services	37,518	46,716	(9,198)
Capital Outlay	<u>6,000</u>	<u>-</u>	<u>6,000</u>
 TOTAL EXPENDITURES	 <u>48,315</u>	 <u>50,513</u>	 <u>(2,198)</u>
 Excess (deficiency) of revenues over expenditures	 4,685	 3,582	 (1,103)
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(95,685)</u>	<u>-</u>	<u>95,685</u>
 CHANGE IN FUND BALANCE	 (91,000)	 3,582	 94,582
FUND BALANCE - BEGINNING	<u>91,000</u>	<u>96,612</u>	<u>5,612</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>100,194</u>	 <u>\$ 100,194</u>
 Reconciliation to generally accepted accounting principles			
Capital assets, net		<u>175,773</u>	
 Net assets at end of year		 <u>\$ 275,967</u>	

YAMHILL COUNTY

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2008**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ 446,264	\$ 1,313,931	\$ 1,760,195
Receivables	11,132	3,498	14,630
Due from other funds	<u>-</u>	<u>59,151</u>	<u>59,151</u>
 Total current assets	 457,396	 1,376,580	 1,833,976
 Capital assets, net	 <u>74,152</u>	 <u>-</u>	 <u>74,152</u>
 TOTAL ASSETS	 <u>531,548</u>	 <u>1,376,580</u>	 <u>1,908,128</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenditures	(2,891)	8,911	6,020
Payroll and related liabilities	3,569	-	3,569
Compensated absences	7,995	-	7,995
Current portion of long-term obligations	<u>24,277</u>	<u>-</u>	<u>24,277</u>
 TOTAL LIABILITIES	 <u>32,950</u>	 <u>8,911</u>	 <u>41,861</u>
<u>NET ASSETS</u>			
Invested in capital assets	49,875	-	49,875
Unrestricted	<u>448,723</u>	<u>1,367,669</u>	<u>1,816,392</u>
 TOTAL NET ASSETS	 <u>\$ 498,598</u>	 <u>\$ 1,367,669</u>	 <u>\$ 1,866,267</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2008**

	Telecommunications	Self-Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 317,294	\$ 1,284,422	\$ 1,601,716
Other	127,072	126,804	253,876
TOTAL OPERATING REVENUES	<u>444,366</u>	<u>1,411,226</u>	<u>1,855,592</u>
OPERATING EXPENSES			
Personal services	130,131	3,643	133,774
Materials and services	207,930	1,174,700	1,382,630
Depreciation	2,667	-	2,667
TOTAL OPERATING EXPENSES	<u>340,728</u>	<u>1,178,343</u>	<u>1,519,071</u>
Operating income	<u>103,638</u>	<u>232,883</u>	<u>336,521</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	64,104	64,104
Investment earnings	14,781	32,336	47,117
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>14,781</u>	<u>96,440</u>	<u>111,221</u>
Change in net assets	118,419	329,323	447,742
Net assets-beginning of year	380,179	1,038,346	1,418,525
Net assets-end of year	<u>\$ 498,598</u>	<u>\$ 1,367,669</u>	<u>\$ 1,866,267</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 481,822	\$ 1,463,759	\$ 1,945,581
Payments to suppliers of goods or services	(210,821)	(1,256,934)	(1,467,755)
Payments to employees for services	<u>(126,244)</u>	<u>(3,643)</u>	<u>(129,887)</u>
Net cash provided by operating activities	144,757	203,182	347,939
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental	-	64,104	64,104
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>14,781</u>	<u>32,336</u>	<u>47,117</u>
Net increase in cash and cash equivalents	159,538	299,622	459,160
Cash and cash equivalents-beginning of year	<u>286,726</u>	<u>1,014,309</u>	<u>1,301,035</u>
Cash and cash equivalents-end of year	<u>\$ 446,264</u>	<u>\$ 1,313,931</u>	<u>\$ 1,760,195</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 103,638	\$ 232,883	\$ 336,521
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	2,667	-	2,667
(Increase) decrease in assets:			
Receivables	37,458	52,533	89,991
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(2,891)	(82,234)	(85,125)
Payroll and related liabilities	1,771	-	1,771
Compensated absences	<u>2,114</u>	<u>-</u>	<u>2,114</u>
Net cash provided by operating activities	<u>\$ 144,757</u>	<u>\$ 203,182</u>	<u>\$ 347,939</u>

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TELECOMMUNICATIONS - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 250,202	\$ 317,294	\$ 67,092
Interest earnings	5,000	14,781	9,781
Other	<u>103,175</u>	<u>127,072</u>	<u>23,897</u>
TOTAL REVENUES	<u>358,377</u>	<u>459,147</u>	<u>100,770</u>
EXPENDITURES			
Personal services	136,536	128,017	8,519
Materials and services	271,841	207,930	63,911
Capital outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>458,377</u>	<u>335,947</u>	<u>122,430</u>
Net change in fund balance	(100,000)	123,200	223,200
Fund balance at beginning of year	<u>100,000</u>	<u>328,968</u>	<u>228,968</u>
Fund balance at end of year	<u>\$ -</u>	452,168	<u>\$ 452,168</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net		74,152	
Long-term obligations		(24,277)	
Restated fund balance-beginning of the year		<u>(3,445)</u>	
Net assets at end of year		<u>\$ 498,598</u>	

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SELF-INSURANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 30,000	\$ 64,104	\$ 34,104
Charges for services	1,205,064	1,284,422	79,358
Interest earnings	18,000	32,336	14,336
Other	<u>-</u>	<u>126,804</u>	<u>126,804</u>
TOTAL REVENUES	<u>1,223,064</u>	<u>1,507,666</u>	<u>254,602</u>
EXPENDITURES			
Personal services	-	3,643	(3,643)
Materials and services	1,161,577	1,174,700	(13,123)
Capital outlay	10,000	-	10,000
Contingency	<u>117,000</u>	<u>-</u>	<u>117,000</u>
TOTAL EXPENDITURES	<u>1,288,577</u>	<u>1,178,343</u>	<u>110,234</u>
Net change in fund balance	(65,513)	329,323	263,810
Fund balance at beginning of year	<u>1,018,630</u>	<u>1,038,346</u>	<u>19,716</u>
Fund balance at end of year	<u>\$ 953,117</u>	<u>\$ 1,367,669</u>	<u>\$ 283,526</u>

YAMHILL COUNTY

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND**

Year Ended June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Unsegregated Tax and Interest Fund				
Assets				
Cash and investments	\$ 1,676,985	\$ 77,388,915	\$ 77,284,666	\$ 1,781,234
Property taxes receivable	<u>3,677,496</u>	<u>83,958,882</u>	<u>82,909,949</u>	<u>4,726,429</u>
 Total assets	 <u>\$ 5,354,481</u>	 <u>\$ 161,347,797</u>	 <u>\$ 160,194,615</u>	 <u>\$ 6,507,663</u>
Liabilities				
Intergovernmental payables	\$ 5,354,481	\$ 239,153,594	\$ 238,005,458	\$ 6,502,617
				<u>6,502,617</u>
 Holding Trust Fund				
Assets				
Cash and investments	\$ 334,477	\$ 59,796	\$ 257,502	\$ 136,771
				<u>136,771</u>
Liabilities				
Amounts held in trust	\$ 334,477	\$ 71,589	\$ 269,295	\$ 136,771
				<u>136,771</u>
 Assessment and Mapping Fund				
Assets				
Cash and investments	\$ 158,619	\$ 510,385	\$ 528,779	\$ 140,225
				<u>140,225</u>
Liabilities				
Intergovernmental payables	\$ 158,619	\$ 1,021,290	\$ 1,039,684	\$ 140,225
				<u>140,225</u>
 Total-All Agency Funds				
Assets				
Cash and investments	2,170,081	77,959,096	78,070,947	2,058,230
Property taxes receivable	<u>3,677,496</u>	<u>83,958,882</u>	<u>82,909,949</u>	<u>4,726,429</u>
 Total assets	 <u>5,847,577</u>	 <u>161,917,978</u>	 <u>160,980,896</u>	 <u>6,784,659</u>
Liabilities				
Intergovernmental payables	5,513,100	240,174,884	239,045,142	6,642,842
Amounts held in trust	<u>334,477</u>	<u>71,589</u>	<u>269,295</u>	<u>136,771</u>
 Total liabilities	 <u>\$ 5,847,577</u>	 <u>\$ 240,246,473</u>	 <u>\$ 239,314,437</u>	 <u>\$ 6,779,613</u>

YAMHILL COUNTY

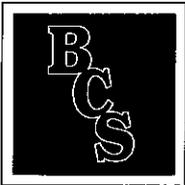
SCHEDULE OF CASH RECEIPTS FOR ELECTED OFFICIALS Year Ended June 30, 2008

Official	Total Cash and Cash Equivalents				Classification of Cash and Cash Equivalents					
	Total Cash and Cash Equivalents June 30, 2007	Cash Receipts	Cash Disbursements and Refunds	Turned to Treasurer	Total Cash and Cash Equivalents June 30, 2008	Local Government Investment				Total
						Cash on Hand	Checking	Unsegregated Tax Accis	Pool	
Assessor	\$ 350	\$ 11,557	\$ -	\$ 11,557	\$ 350	\$ 350	\$ -	\$ -	\$ -	\$ 350
Clerk	1,100	1,238,054	-	1,238,054	1,100	1,300	-	-	-	1,300
Commissioners	4,600	33,421,076	-	33,421,076	4,600	4,600	-	-	-	4,600
District Attorney	1,000	570,482	-	570,482	1,000	1,000	-	-	-	1,000
Sheriff	1,010	2,045,113	-	2,045,113	1,010	1,010	-	-	-	1,010
Surveyor	100	209,999	-	209,999	100	100	-	-	-	100
Treasurer	<u>26,777,103</u>	<u>85,500,380</u>	<u>86,812,393</u>	<u>-</u>	<u>25,465,090</u>	<u>8,544</u>	<u>1,289,095</u>	<u>1,919,179</u>	<u>22,248,072</u>	<u>25,464,890</u>
	<u>\$ 26,785,263</u>	<u>\$ 122,996,661</u>	<u>\$ 86,812,393</u>	<u>\$ 37,496,281</u>	<u>\$ 25,473,250</u>	<u>\$ 16,904</u>	<u>\$ 1,289,095</u>	<u>\$ 1,919,179</u>	<u>\$ 22,248,072</u>	<u>\$ 25,473,250</u>

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY MINIMUM STANDARDS FOR AUDITS OF MUNICIPAL CORPORATIONS

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

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

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YAMHILL COUNTY

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS Year Ended June 30, 2008

Accounting and Internal Controls

The broad objectives of internal accounting controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls are adequate considering the size and complexity of the municipal corporation's financial activities.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as of the last valuation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2008, the deposits of the County were covered by the following collateral pool certificates:

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
US Bank	Federal Home Loan Bank of Seattle	\$ 20,000,000
Key Bank	Federal Home Loan Bank of Seattle	4,000,000
First Federal Savings Bank	Federal Home Loan Bank of Seattle	900,000

The deposits of the County were secured in accordance with ORS 295.015 for the entire fiscal year.

Indebtedness

The County has complied with legal requirements relating to short-term and long-term debt including limitation on the amount of debt which may be incurred, liquidation of debt within prescribed period of time and compliance with provisions of bond indentures or other agreements.

Budget

1. *Preparation and adoption*

The budgets for the years ended June 30, 2009 and 2008 were prepared and adopted in compliance with legal requirements, except as follows:

- A. Due to a clerical error there were minor differences between the budget information published with the notice of budget hearing and the budget as approved by the budget committee.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Budget (continued)

1. *Preparation and adoption (continued)*

B. Transfers in the budgets did not balance

<u>2007-08</u>	
Transfers in	\$ 2,238,416
Transfers out	2,114,916
<u>2008-09</u>	
Transfers in	\$ 3,085,537
Transfers out	3,055,537

2. *Execution*

Expenditures in excess of appropriations (which is prohibited by ORS 294.435) were made in the following:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
Emergency Services	\$ 138,198	\$ 138,594	\$ (396)
Road			
Motor Vehicle	543,084	554,229	(11,145)
Solid Waste			
Capital outlay	--	11,932	(11,932)
Dog Control			
Materials and services	90,791	91,047	(256)
Capital outlay	--	6,436	(6,436)
County Fair			
County Fair	183,700	188,896	(5,196)
Fair Event Center	303,725	326,453	(22,728)
System Development			
Parks	28,248	142,046	(113,798)
Cove Orchard Service District			
Materials and services	37,518	46,716	(9,198)
Self-insurance			
Personal services	--	3,643	(3,643)
Materials and services	1,161,577	1,174,700	(13,123)

Prior to overexpending an appropriation category, the Board may, by resolution (ORS 294.450), transfer amounts between appropriation categories.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Insurance and Fidelity Bonds

The County's insurance agent has indicated that insurance coverage at June 30, 2008, was as follows:

Number	Company	Coverage	Expiration Date	Amount
07LYAMC	City County Insurance Services	General Liability	7-1-08	\$ 3,000,000
07LYAMC	City County Insurance Services	Auto Liability	7-1-08	1,000,000
07APDYAMC	City County Insurance Services	Auto Excess Liability	7-1-08	2,948,735
07PYAMC	City County Insurance Services	Auto Damage	7-1-08	70,110,864
07EQYAMC	City County Insurance Services	Property	7-1-08	50,000,000
07FYAMC	City County Insurance Services	Boiler	7-1-08	5,000,000
07BPLKC	City County Insurance Services	Earthquake/Flood	7-1-08	5,000,000
	City County Insurance Services	Mobile Equipment	7-1-08	2,724,001

Our audit did not include a determination as to the adequacy of insurance coverage, as we are not professionally trained to make that determination. However, insurance coverage appears to meet legal requirements.

ORS 332.525 requires persons authorized to handle County funds, including the person designated to be custodian of County funds under ORS 328.441, to be bonded in an amount to be determined by the County board. The following bonds were in force at June 30, 2008:

Public employee blanket	\$ 100,000
Treasurer / Tax Office	500,000
Assessor and Tax Collector	100,000

Programs Funded From Outside Sources

The County operated various programs funded wholly or partially by governmental agencies. Our reports on compliance with laws and regulations on internal controls used in administering federal financial assistance programs appear on pages 84 through 87 of this report. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

Highway Funds

The County used revenue from taxes on motor vehicle fuel use in compliance with ORS 373.240 to 373.250.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Investments

Funds of the County were invested in compliance with ORS 294.035.

Public Contracts and Purchasing

1. Awarding of public contracts

The County awarded public contracts in accordance with ORS 279.

2. Construction of public improvements

The County constructed public improvements in accordance with ORS 279.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
March 2, 2009

GRANT COMPLIANCE – SINGLE AUDIT



BOLDT, CARLISLE & SMITH LLC

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

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **YAMHILL COUNTY** as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)**

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

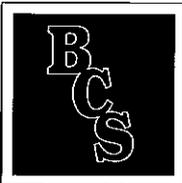
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
March 2, 2009



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

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

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

Compliance

We have audited the compliance of **YAMHILL COUNTY** 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, 2008. The County's major federal programs are identified in the summary of auditor's 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 the County's management. Our responsibility is to express an opinion on the County'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 the County'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 the County's compliance with those requirements.

In our opinion, **YAMHILL COUNTY** 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, 2008.

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

Internal Control Over Compliance

The management of YAMHILL COUNTY is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
March 2, 2009

YAMHILL COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	

CFDA Number(s)

Name of Federal Program or Cluster

10.665
15.227

Schools and Roads – Grants to States
Distribution of Receipts to State and Local Governments

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

Significant Deficiency:

2008-1 Financial reporting

- Criteria:** Financial reporting in accordance with the modified cash and cash basis of accounting, including appropriate disclosures is the responsibility of management and internal controls should include policies and procedures over financial reporting.
- Condition:** Management has established internal control over financial reporting sufficient for its governance purposes. However, these internal controls have not addressed the preparation of financial statements in accordance with the modified cash and cash basis of accounting, including appropriated disclosures.
- Effect:** The auditor has drafted the financial statements. The draft financial statements were submitted to management for review and approval. Management has reviewed the draft financial statements and disclosures and has represented that they have taken responsibility for the final financial statements including disclosures.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

YAMHILL COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Agriculture</i>			
Food and Nutrition Service			
<i>Passed through Oregon State Health Division</i>			
School Breakfast Program	10.557		\$ 22,101
Forest Service			
<i>Passed through Oregon Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		<u>784,044</u>
Total Department of Agriculture			<u>806,145</u>
<i>Department of Housing and Urban Development</i>			
Office of Community Planning and Development			
<i>Passed through Oregon Economic and Community Development Department</i>			
Community Development Block Grant	14.228		<u>33,626</u>
<i>Department of the Interior</i>			
Bureau of Land Management			
Distribution of Receipts to State and Local Governments	15.227		<u>834,152</u>
<i>Department of Justice</i>			
Office of Juvenile Justice and Delinquency Prevention			
<i>Passed through Oregon State Criminal Justice Services Division</i>			
Juvenile Accountability Incentive Block Grant	16.523		10,000
Bureau of Justice Assistance			
<i>Passed through Oregon State Criminal Justice Services Division</i>			
Byrne Formula Grant Program	16.579		139,107
<i>Passed through Oregon State Criminal Justice Division</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		10,900
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victims Assistance	16.575	VOCA 01-1525	<u>66,195</u>
Total Department of Justice			<u>226,202</u>
<i>Department of Transportation</i>			
Federal Transit Administration			
<i>Passed through Oregon Department of Transportation</i>			
Formula Grants for Other Than Urbanized Areas	20.509	18428	445,330
Capital Assistant Program for Elderly Persons and Persons with Disabilities	20.513		60,000
Job Access Reverse Commute	20.516		<u>20,517</u>
Total Department of Transportation			<u>525,847</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Environmental Protection Agency</i>			
Office of Water			
<i>Passed through Oregon Department of Human Services</i>			
State Public Water System Supervision	66.432		\$ 12,627
Capitalization Grants for Drinking Water State Revolving Funds	66.468		11,240
Total Environmental Protection Agency			<u>23,867</u>
<i>Department of Education</i>			
<i>Passed through Oregon State Department of Administrative Services</i>			
Vocational Rehabilitation Grants to States	84.126		35,672
Safe and Drug-Free Schools and Communities - State Grants	84.186		50,000
Total Department of Education			<u>85,672</u>
<i>Department of Homeland Security</i>			
<i>Passed through Oregon State Police Office of Emergency Management</i>			
Citizens Corp	97.053		1,837
Laws Enforcement Terrorism Prevention Program	97.074		139,352
Public Assistance Grants	97.036		259,245
Emergency Management Performance Grants	97.042		8,228
State Homeland Security Grant	97.073		117,055
Total Department of Homeland Security			<u>525,717</u>
<i>Social Security Administration</i>			
Social Security - Work Incentives - Planning and Assistance Program	96.008		<u>7,600</u>
<i>Department of Health and Human Services</i>			
Office of the Secretary			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Medical Reserve Corps Small Grant Program	93.008		13,000
Administration for Children and Families			
<i>Passed through Oregon Commission on Children and Families</i>			
Promoting Safe and Stable Families	93.556		13,674
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Temporary Assistance for Needy Families	93.558		62,715
<i>Passed through Oregon State Adult and Family Services Division</i>			
Child Support Enforcement	93.563		183,117
Child Care and Development Block Grant	93.575		23,317
<i>Passed through Oregon Commission on Children and Families</i>			
Social Services Block Grant	93.667		85,694
Centers for Medicare and Medicaid Services			
<i>Passed through Oregon Commission on Children and Families</i>			
Medical Assistance Program	93.778		54,630

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services (continued)			
Centers for Disease Control			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283		\$ 143,942
HIV Prevention Activities Health Department Based	93.940		15,000
Preventative Health and Health Services Block Grant	93.991		5,372
Health Resources and Services Administration			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Abstinence Education	93.235		1,817
HIV Emergency Relief Project	93.914		33,168
Maternal and Child Health Services Block Grant	93.994		60,994
Substance Abuse and Mental Health Services Administration			
Substance Abuse and Mental Health Services -			
Projects of Regional and National Significance	93.243		461,408
Drug-free Communities Support Program	93.276		87,917
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Block Grants for Community Mental Health Services	93.958		103,010
Block Grants for Prevention and Treatment of Substance Abuse	93.959		216,990
Total Department of Health and Human Services			<u>1,565,765</u>
Total Expenditures of Federal Awards			<u>\$ 4,634,593</u>