

YAMHILL COUNTY, OREGON

FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION

YEAR ENDED JUNE 30, 2007

WITH

INDEPENDENT AUDITORS' REPORT

**YAMHILL COUNTY, OREGON
ELECTED OFFICIALS
As of June 30, 2007**

| <u>ELECTED OFFICIAL AND TITLE</u> | <u>TERM EXPIRES December 31,</u> |
|--|---|
| Katherine George, Commissioner | 2011 |
| Mary P. Stern, Commissioner | 2011 |
| Leslie Lewis, Commissioner | 2009 |
| Jan Coleman, County Clerk | 2009 |
| Jack Crabtree, Sheriff | 2011 |
| Dan Linscheid, Surveyor | 2011 |
| Nancy Reed, Treasurer | 2009 |
| David Lawson, Assessor | 2009 |
| Brad Berry, District Attorney | 2009 |

**BUDGET OFFICER AND ADMINISTRATIVE SERVICES DIRECTOR
John Krawczyk**

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
Isler CPA, Certified Public Accountants**

YAMHILL COUNTY, OREGON

Year ended June 30, 2007

Table of Contents

| | <u>Page</u> |
|---|-------------|
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 -2 |
| Management's Discussion and Analysis | 3 - 10 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 11 |
| Statement of Activities | 12 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 13 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 15 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 16 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | |
| General Fund | 17 |
| Road Fund | 18 |
| Health and Human Services Fund | 19 |
| Solid Waste Fund | 20 |
| Community Corrections Fund | 21 |
| Capital Improvement Fund | 22 |
| Capital Project Fund | 23 |
| Statement of Net Assets - Proprietary Funds | 24 |
| Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds | 25 |
| Statement of Cash Flows - Proprietary Funds | 26 |
| Statement of Fiduciary Net Assets | 27 |
| Notes to the Financial Statements | 28 - 40 |

YAMHILL COUNTY, OREGON

Year ended June 30, 2007

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Other Supplementary Information: | |
| Combining and Individual Fund Statements and Schedules: | |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 41 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 42 |
| Nonmajor Special Revenue Funds: | |
| Combining Balance Sheet | 43 - 44 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 45 - 46 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: | |
| County Clerk's Record Fund | 47 |
| Dog Fund | 48 |
| Law Library Fund | 49 |
| County School Fund | 50 |
| Commission on Children and Families Fund | 51 |
| County Fair Fund | 52 |
| 911 Emergency System Fund | 53 |
| Economic Development Fund | 54 |
| Corner Restoration Fund | 55 |
| Systems Development Fund | 56 |
| Title III Fund | 57 |
| Communications Levy Fund | 58 |
| Court Security Fund | 59 |
| Yamhill Emergency Communications District Fund | 60 |
| Extension Service District Fund | 61 |

YAMHILL COUNTY, OREGON

Year ended June 30, 2007

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Nonmajor Capital Projects Funds: | |
| Combining Balance Sheet | 62 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Balance | 63 |
| Schedule of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual: | |
| Bicycle and Footpath Fund | 64 |
| Motor Vehicle Replacement Fund | 65 |
| Proprietary Funds: | |
| Enterprise Fund - Cove Orchard Sewer Service District Fund - Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual | 66 |
| Internal Service Funds | |
| Combining Statement of Net Assets | 67 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets | 68 |
| Combining Statement of Cash Flows | 69 |
| Schedule of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual: | |
| Telecommunications Fund | 70 |
| Self - Insurance Fund | 71 |
| Agency Funds: | |
| Combining Balance Sheet | 72 |
| OTHER FINANCIAL SCHEDULES | |
| Schedule of Cash on Hand and Cash Transactions of Independently Elected Officials | 73 |
| Schedule of Property Tax Transactions and Outstanding Balances | 74 |

YAMHILL COUNTY, OREGON

Year ended June 30, 2007

Table of Contents

| | <u>Page</u> |
|---|-------------|
| COMPLIANCE SECTION | |
| Comments and Disclosures of Independent Auditors' Required by State Statute | 75 - 76 |
| Reports of Single Audit: | |
| Report on Internal Control Over Financial reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 77 - 78 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 | 79 - 80 |
| Schedule of Findings and Questioned Costs | 81 |
| Schedule of Expenditures of Federal Awards | 82 - 83 |

FINANCIAL SECTION

Independent Auditors' Report

Yamhill County
McMinnville, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County, Oregon ("Yamhill County") as of and for the year ended June 30, 2007, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and each major governmental fund 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 January 22, 2008, on our consideration of Yamhill 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 should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 10, 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Yamhill County's basic financial statements. The combining and individual nonmajor fund financial statements 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 is presented for purposes of additional analysis as required by 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 nonmajor fund financial statements, other financial 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.

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

by: Paul Nielson, a member
Eugene, Oregon
January 22, 2008

YAMHILL COUNTY, OREGON
Year ended June 30, 2007
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, 2007.

Financial Highlights

- The assets of Yamhill County exceeded its liabilities at the close of the most recent fiscal year by \$207,261,000 (*net assets*). Of this amount, \$8,731,000 (*unrestricted net assets*) may be used to meet the government's ongoing obligation to citizens and creditors.
- The government's total net assets decreased by \$7,788,000. This decrease can be attributed to revenues of \$51,861,000 expenses of \$59,649,000.
- As of the close of the fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$22,703,000, a decrease of \$2,127,000 in comparison with the prior year. Approximately \$6,540,000 of this total is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,091,000, or 32.62 percent of total general fund expenditures.
- Yamhill County's total debt increased by \$463,000 (30.6 percent) during the current fiscal year. The main factors in this increase were advances on a note in the amount of \$532,000.

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, highways and streets, health and sanitation, Parks and Education. Business-type activities of Yamhill County consist solely of Cove Orchard Sewer Services.

The government-wide financial statements include not only Yamhill County itself (known as the *primary* government), but also Yamhill Extension Service District, the Yamhill Communications District, and Cove Orchard Sewer Service Districted, component units for which Yamhill County is financially accountable. Although all are legally separate, for all practical purposes they are departments 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 11 - 12 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 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, road fund, health and human services fund, solid waste fund, community corrections fund, capital project fund and the capital improvement fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements 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 basic governmental fund financial statements can be found on pages 13 - 23 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 an enterprise fund 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 as supplemental information in the form of combining statements on pages 67-71.

The basic proprietary fund financial statements can be found on pages 24 -26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support 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 page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 40 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 41 - 72 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 \$207,261,000 at the close of the most recent fiscal year.

By far the largest portion of Yamhill County's net assets (88.64%) 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

Amounts in thousands

Yamhill County's Net Assets

| | Governmental Activity | | Business-Type Activity | | Total | |
|---|-----------------------|-------------------|------------------------|---------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other assets | \$ 29,693 | \$ 29,021 | \$ 108 | \$ 92 | \$ 29,801 | \$ 29,113 |
| Capital Assets | 184,985 | 190,274 | 228 | 280 | 185,213 | 190,554 |
| Total assets | 214,678 | 219,295 | 336 | 372 | 215,014 | 219,667 |
| Long-term liabilities outstanding | 1,768 | 1,513 | - | - | 1,768 | 1,513 |
| Other Liabilities | 5,974 | 3,100 | 11 | 4 | 5,985 | 3,104 |
| Total liabilities | 7,742 | 4,613 | 11 | 4 | 7,753 | 4,617 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 183,217 | 188,761 | 228 | 280 | 183,445 | 189,041 |
| Restricted | 15,085 | 19,035 | - | - | 15,085 | 19,035 |
| Unrestricted | 8,634 | 6,886 | 97 | 88 | 8,731 | 6,974 |
| Total net assets | \$ 206,936 | \$ 214,682 | \$ 325 | \$ 368 | \$ 207,261 | \$ 215,050 |

A portion of Yamhill County's net assets (7.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (4.06%) may be used to meet the government's ongoing obligations to citizen's and creditors.

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

The County's net assets were decreased by \$7,788,000 during the current fiscal year. This was anticipated by the County.

Governmental activities. Governmental activities decreased Yamhill County's net assets by \$7,745,000. As stated above this was anticipated by the County key elements of the changes are as follows:

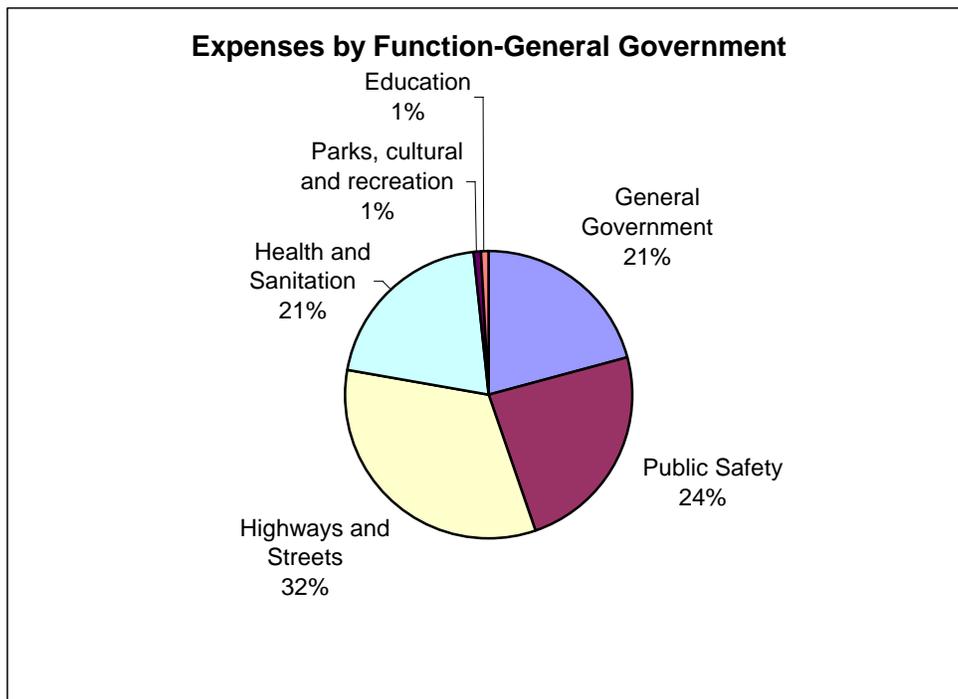
Yamhill County's Changes in Net Assets

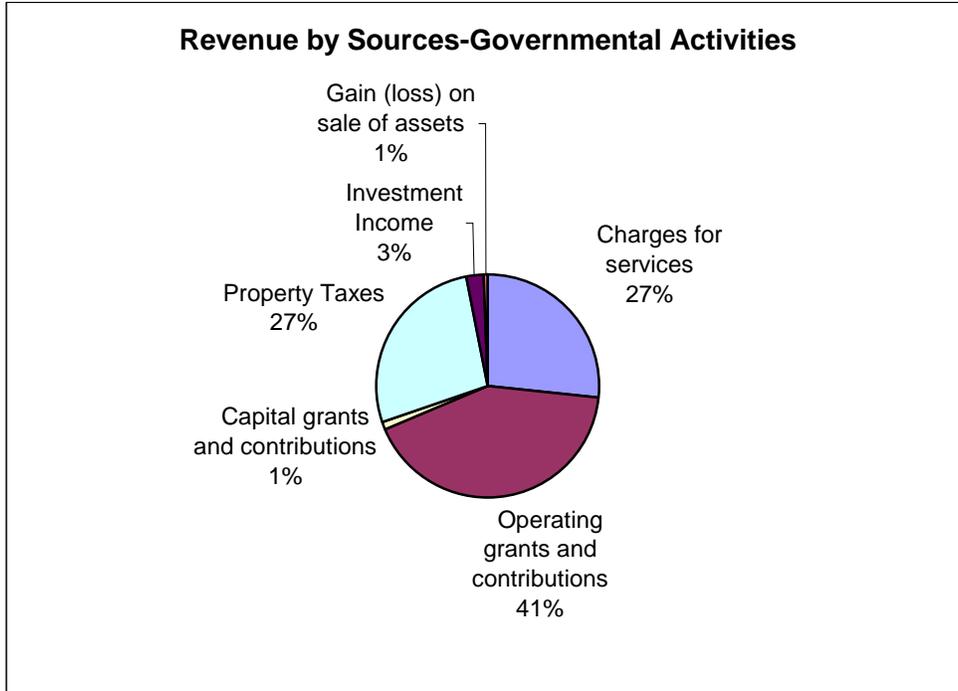
Amounts in thousands

Yamhill County's Change in Net Assets

| | Governmental Activity | | Business-Type Activity | | Total | |
|---------------------------------|-----------------------|---------------|------------------------|-----------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,942 | \$ 12,955 | \$ 47 | \$ 47 | \$ 13,989 | \$ 13,002 |
| Operating grants and contribu | 21,937 | 19,830 | - | - | 21,937 | 19,830 |
| Capital grants and contributio | 642 | 432 | - | - | 642 | 432 |
| General revenues | | | | | | |
| Property Taxes | 14,190 | 13,390 | - | - | 14,190 | 13,390 |
| Investment Income | 1,374 | 1,219 | 5 | 4 | 1,379 | 1,223 |
| Gain (loss) on sale of assets | (276) | (44) | - | - | (276) | (44) |
| Total revenues | 51,809 | 47,782 | 52 | 51 | 51,861 | 47,833 |
| Expenses | | | | | | |
| Governmental Activities | | | | | | |
| General Government | 12,388 | 10,497 | - | - | 12,388 | 10,497 |
| Public Safety | 14,221 | 13,875 | - | - | 14,221 | 13,875 |
| Highways and Streets | 19,661 | 17,592 | - | - | 19,661 | 17,592 |
| Health and Sanitation | 12,305 | 14,442 | - | - | 12,305 | 14,442 |
| Parks, cultural and recreation | 559 | 494 | - | - | 559 | 494 |
| Education | 420 | 428 | - | - | 420 | 428 |
| Sewer | - | - | 95 | 97 | 95 | 97 |
| Total expenses | 59,554 | 57,328 | 95 | 97 | 59,649 | 57,425 |
| Change in net assets | (7,745) | (9,546) | (43) | (46) | (7,788) | (9,592) |
| Net assets at beginning of year | 214,682 | 224,228 | 367 | 414 | 215,049 | 224,642 |
| Net assets at end of year | \$ 206,937 | \$ 214,682 | \$ 324 | \$ 368 | \$ 207,261 | \$ 215,050 |

Revenue increased by \$4,027,000, this is due primarily to an increase in operating grants and property taxes. Expenses increased by \$2,226,000 this is due primarily to an increase in highways and streets and public safety expenses. Other governmental functions fluctuated up and down. This was due to some realignment of resources and some programs receiving more or less federal and state grant money as priorities of the public change.





Financial Analysis of the Government's Funds

As noted earlier, Yamhill County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$22,703,000, a decrease of \$2,127,000 in comparison with the prior year. Approximately \$7,091,000 of the total amount (\$22,703,000) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of Yamhill County. At the end of the current fiscal year, the fund balance of the general fund was \$7,091,000 all of which is unreserved.

The fund balance of Yamhill County's General fund increased by \$1,805,000 during the current fiscal year, the key factor in this growth was higher revenues from property taxes than originally anticipated.

The Road fund had a fund balance of \$1,209,000 at the end of this fiscal year. This is an increase of \$167,000 from last fiscal year, all of which is restricted.

The Community Corrections fund had a fund balance of \$1,987,000 at the end of this fiscal year. This is a decrease of \$88,000 from last fiscal year, all of which is restricted.

The Capital Improvements fund had a deficit fund balance of \$911,000 at the end of this fiscal year. This is a decrease of \$570,000 from last fiscal year, all of which is restricted.

The Capital Project fund had a fund balance of \$5,231,000 at the end of this fiscal year. This is a decrease of \$4,677,000 from last fiscal year, all of which is restricted for repairing six County bridges.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were approximately \$240,000 or .09% of the original budget, which we consider insignificant. Expenditures were approximately \$4,191,000 or 19% less than budgeted. This can be contributed to budgeting for grants for which the county applied, but did not receive and conservative budgeting by many of the county’s department heads and managers.

Capital Assets and Debt Administration

Capital assets. Yamhill County’s investment in capital assets for its governmental and business type activities as June 30, 2007 amounts to \$185,213,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, bridges and culverts. The total increase in Yamhill County’s investment in capital assets for the current fiscal year was 3.6 percent. The primary reason for this increase was due to large remodeling projects of properties that were purchased by the county in 2004-05. With the new properties and additional space, many departments have relocated. This necessitated reconfiguration of the buildings to meet the county’s needs.

Other major capital asset events during the current fiscal year included the following:

Construction is continuing on the new facility for Health and Human Services which they plan to have completed during 2007-08. The County has also made substantial investment in their infrastructure, primarily roads and bridges.

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

Amounts in thousands

| | Governmental Activity | | Business-Type Activity | | Total | |
|-------------------------------|-----------------------|------------|------------------------|--------|------------|------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Nondepreciable Capital Assets | \$ 51,307 | \$ 49,301 | \$ 78 | \$ 78 | \$ 51,385 | \$ 49,379 |
| Building | 10,889 | 11,403 | 150 | 201 | 11,039 | 11,604 |
| Machinery and Equipment | 3,951 | 4,201 | - | - | 3,951 | 4,201 |
| Infrastructure | 118,838 | 125,369 | - | - | 118,838 | 125,369 |
| Total | \$ 184,985 | \$ 190,274 | \$ 228 | \$ 279 | \$ 185,213 | \$ 190,553 |

Additional information on Yamhill County’s fixed assets can be found in Note III B on page 34 of this report.

Long-term debt. At the end of the fiscal year, Yamhill County had total bonded outstanding debt of \$1,115,000. This full amount is comprised of a full faith and credit bond.

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

Amounts in thousands

| | Governmental Activity | | Business-Type Activit | | Total | |
|-----------------------------|-----------------------|----------|-----------------------|------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Full Faith and Credit Bonds | \$ 1,115 | \$ 1,335 | \$ - | \$ - | \$ 1,115 | \$ 1,335 |
| Total | \$ 1,115 | \$ 1,335 | \$ - | \$ - | \$ 1,115 | \$ 1,335 |

Additional information on Yamhill County's debt can be found in Note III D on pages 36 and 37 of this report.

Economic Factors and Next Year's Budgets and Rates.

The unemployment rate for Yamhill County is currently 4.8 percent, which is .2 percent lower than a year ago. This compares favorably with the state's unemployment rate of 5.1 percent and slightly above the national average rate of 4.7 percent.

Among businesses in the community is a steel rolling mill, a large bake-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 as restaurants, bed and breakfasts 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 is underway. We are growing at a rapid rate, especially the east side of the county that borders on the Portland Metro area. In 2005, a new hospital opened in Newberg. This year, construction began on a sizable expansion of the Willamette Valley Medical Center in McMinnville.

Inflationary trends in the region compare favorably to national trends. A land use measure passed in the state two years ago allowed certain property owners to file claims to roll back any land use regulations on a particular parcel of land to the date on which it was acquired by the present owner. In 2007 voters approved another measure that restricted land use regulation roll backs to properties requesting land divisions of three or fewer properties. Only a small number of land use claims filed under the 2005 Measure 37 will be allowed to proceed. Consequently, the amount of development now permitted in the rural areas of the county will be of a small scale nature.

A pending reduction of the assessed value of the county's largest taxpayer, Southwest Paper, was settled out of court to the satisfaction of both parties. Northwest timber dependent counties received a one year reprieve, when congress elected to continue payments under the Rural Schools and Communities Act. A longer term extension of the act awaits action in congress.

All of these factors were considered in preparing Yamhill County's budget for 2007-08 fiscal years.

During the current fiscal year, unreserved fund balance in the general fund grew to approximately \$6.5 million. Yamhill County has appropriated some of this balance among the departments in proportion to how much each saved for spending in the 2008 fiscal year budget.

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 of 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, OREGON

Statement of Net Assets

June 30, 2007

| | Governmental Activities | Business-Type Activities | Total |
|--|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and investments | \$ 24,507,518 | \$ 107,664 | \$ 24,615,182 |
| Receivables: | | | |
| Taxes | 793,980 | - | 793,980 |
| Accounts | 4,143,874 | 434 | 4,144,308 |
| Other | 24,911 | - | 24,911 |
| Inventories | 204,125 | - | 204,125 |
| Prepays and deposits | 18,743 | - | 18,743 |
| Capital assets, net of accumulated depreciation | <u>184,985,128</u> | <u>227,770</u> | <u>185,212,898</u> |
| Total assets | <u>214,678,279</u> | <u>335,868</u> | <u>215,014,147</u> |
| LIABILITIES | | | |
| Accounts payable | 4,234,512 | 7,393 | 4,241,905 |
| Payroll payable | 479,485 | 893 | 480,378 |
| Compensated absences | 1,083,731 | - | 1,083,731 |
| Deferred revenue | 61,385 | - | 61,385 |
| Deposits payable | 114,729 | 3,200 | 117,929 |
| Noncurrent liabilities: | | | |
| Due within one year | 671,308 | - | 671,308 |
| Due in more than one year | <u>1,096,339</u> | <u>-</u> | <u>1,096,339</u> |
| Total liabilities | <u>7,741,489</u> | <u>11,486</u> | <u>7,752,975</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 183,217,481 | 227,770 | 183,445,251 |
| Restricted for: | | | |
| Highways & streets | 1,064,623 | - | 1,064,623 |
| Public safety | 2,243,003 | - | 2,243,003 |
| Health and sanitation | 4,308,809 | - | 4,308,809 |
| Economic development | 348,743 | - | 348,743 |
| Capital outlay | 5,828,694 | - | 5,828,694 |
| Other | 1,291,200 | - | 1,291,200 |
| Unrestricted | <u>8,634,237</u> | <u>96,612</u> | <u>8,730,849</u> |
| Total net assets | <u>\$ 206,936,790</u> | <u>\$ 324,382</u> | <u>\$ 207,261,172</u> |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON
Statement of Activities
For the Year Ended June 30, 2007

| Function / Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 12,388,138 | \$ 3,938,850 | \$ 3,986,283 | \$ 642,051 | \$ (3,820,954) | \$ - | \$ (3,820,954) |
| Public safety | 14,221,352 | 2,949,188 | 4,801,296 | - | (6,470,868) | - | (6,470,868) |
| Highways and streets | 19,660,418 | 395,969 | 5,374,918 | - | (13,889,531) | - | (13,889,531) |
| Health and sanitation | 12,305,266 | 6,244,815 | 7,445,896 | - | 1,385,445 | - | 1,385,445 |
| Parks, cultural and recreation | 559,121 | 411,105 | 161,720 | - | 13,704 | - | 13,704 |
| Education | 419,529 | 1,774 | 166,952 | - | (250,803) | - | (250,803) |
| Total governmental activities | <u>59,553,824</u> | <u>13,941,701</u> | <u>21,937,065</u> | <u>642,051</u> | <u>(23,033,007)</u> | <u>-</u> | <u>(23,033,007)</u> |
| Business-type activities: | | | | | | | |
| Sewer | 95,590 | 46,963 | - | - | - | (48,627) | (48,627) |
| Total | <u>\$ 59,649,414</u> | <u>\$ 13,988,664</u> | <u>\$ 21,937,065</u> | <u>\$ 642,051</u> | <u>(23,033,007)</u> | <u>(48,627)</u> | <u>(23,081,634)</u> |
| | | | General Revenues: | | | | |
| | | | Taxes | | 14,190,461 | - | 14,190,461 |
| | | | Investment earnings | | 1,373,743 | 5,151 | 1,378,894 |
| | | | Loss on sale of assets | | (276,131) | - | (276,131) |
| | | | Total general revenues | | <u>15,288,073</u> | <u>5,151</u> | <u>15,293,224</u> |
| | | | Change in net assets | | (7,744,934) | (43,476) | (7,788,410) |
| | | | Net assets - beginning | | | | |
| | | | as restated (See note IV, E) | | <u>214,681,724</u> | <u>367,858</u> | <u>215,049,582</u> |
| | | | Net assets - ending | | <u>\$ 206,936,790</u> | <u>\$ 324,382</u> | <u>\$ 207,261,172</u> |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON
 Governmental Funds
 Balance Sheet
 June 30, 2007

| | General Fund | Road Fund | Health and Human Services Fund | Solid Waste Fund | Community Corrections Fund | Capital Improvement Fund | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|---|------------------------|----------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 7,332,570 | \$ 519,220 | \$ 1,678,814 | \$ 1,505,987 | \$ 2,078,755 | \$ 214,325 | \$ 6,663,807 | \$ 3,213,005 | \$ 23,206,483 |
| Receivables: | | | | | | | | | |
| Taxes | 761,995 | - | - | - | - | 5,046 | - | 26,939 | 793,980 |
| Accounts | 1,393,148 | 668,961 | 1,237,893 | 133,120 | 69,360 | 149,736 | 28,716 | 395,961 | 4,076,895 |
| Other | 24,911 | - | - | - | - | - | - | - | 24,911 |
| Prepays | 2,145 | - | - | - | 2,000 | - | - | 14,598 | 18,743 |
| Due from other funds | 15,000 | - | - | 1,095,000 | - | - | - | 244,128 | 1,354,128 |
| Inventories | - | 204,125 | - | - | - | - | - | - | 204,125 |
| Total assets | \$ 9,529,769 | \$ 1,392,306 | \$ 2,916,707 | \$ 2,734,107 | \$ 2,150,115 | \$ 369,107 | \$ 6,692,523 | \$ 3,894,631 | \$ 29,679,265 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 1,070,313 | \$ 122,848 | \$ 901,461 | \$ 11,253 | \$ 121,522 | \$ 176,533 | \$ 1,462,434 | \$ 277,003 | \$ 4,143,367 |
| Payroll and related liabilities | 256,390 | 36,384 | 122,659 | 5,084 | 41,885 | 6,044 | - | 9,243 | 477,689 |
| Due to other funds | 344,379 | - | - | - | - | 1,091,542 | - | 15,000 | 1,450,921 |
| Deposits | 47,128 | 23,917 | - | - | - | - | - | 43,684 | 114,729 |
| Deferred revenue | 720,205 | - | 25,719 | - | - | 5,046 | - | 38,797 | 789,767 |
| Total liabilities | 2,438,415 | 183,149 | 1,049,839 | 16,337 | 163,407 | 1,279,165 | 1,462,434 | 383,727 | 6,976,473 |
| FUND BALANCES | | | | | | | | | |
| Reserved for inventories | - | 204,125 | - | - | - | - | - | - | 204,125 |
| Reserved for bridge repair | - | - | - | - | - | - | 5,230,089 | - | 5,230,089 |
| Reserved for long-term interfund payable | - | - | - | 1,095,000 | - | - | - | - | 1,095,000 |
| Unreserved, undesignated reported in: | | | | | | | | | |
| General fund | 7,091,354 | - | - | - | - | - | - | - | 7,091,354 |
| Special revenue funds | - | 1,005,032 | 1,866,868 | 1,622,770 | 1,986,708 | - | - | 2,061,694 | 8,543,072 |
| Capital project funds | - | - | - | - | - | (910,058) | - | 1,449,210 | 539,152 |
| Total fund balances | 7,091,354 | 1,209,157 | 1,866,868 | 2,717,770 | 1,986,708 | (910,058) | 5,230,089 | 3,510,904 | 22,702,792 |
| Total liabilities and fund balances | \$ 9,529,769 | \$ 1,392,306 | \$ 2,916,707 | \$ 2,734,107 | \$ 2,150,115 | \$ 369,107 | \$ 6,692,523 | \$ 3,894,631 | \$ 29,679,265 |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Assets
 June 30, 2007

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

| | | |
|---|----|---------------|
| Fund Balances - Governmental Funds | \$ | 22,702,792 |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p> | | |
| Governmental capital assets | | 427,002,446 |
| Less accumulated depreciation | | (242,030,655) |
| | | 184,971,791 |
| <p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p> | | |
| Compensated absences | | (1,077,850) |
| Capital leases payable | | (120,546) |
| Bond payable | | (1,647,101) |
| <p>Deferred revenue represents amounts that were not available to fund current expenditures and therefore is reported in the governmental funds.</p> | | |
| | | 728,382 |
| <p>Internal service funds are used by management to charge costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.</p> | | |
| | | 1,379,322 |
| Net assets of governmental activities | \$ | 206,936,790 |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

| | General Fund | Road Fund | Health and Human Service Fund | Solid Waste Fund | Community Corrections Fund | Capital Improvement Fund | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|-------------------------------|---------------------|----------------------------|--------------------------|----------------------|--------------------------|--------------------------|
| REVENUES: | | | | | | | | | |
| Property taxes | \$ 14,030,973 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 268,008 | \$ 14,298,981 |
| Licenses and permits | 983,840 | 81,602 | 206,900 | - | - | - | - | 223,795 | 1,496,137 |
| Intergovernmental | 4,585,270 | 5,374,918 | 7,445,896 | 14,350 | 2,780,047 | 642,051 | - | 1,728,023 | 22,570,555 |
| Charges for services | 4,864,887 | 617,319 | 5,504,876 | 930,094 | 621,368 | 1,002,860 | - | 1,098,094 | 14,639,498 |
| Fines and forfeitures | 399,771 | - | 74,694 | - | - | - | - | 170,705 | 645,170 |
| Investment earnings | 414,515 | 24,564 | 92,598 | 61,922 | 118,153 | 14,647 | 429,667 | 162,421 | 1,318,487 |
| Other revenue | 297,351 | 74,916 | 130,629 | 2,700 | 21,915 | 154,108 | - | 167,151 | 848,770 |
| Total revenues | <u>25,576,607</u> | <u>6,173,319</u> | <u>13,455,593</u> | <u>1,009,066</u> | <u>3,541,483</u> | <u>1,813,666</u> | <u>429,667</u> | <u>3,818,197</u> | <u>55,817,598</u> |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 10,274,930 | - | - | - | - | 1,665,424 | - | 1,706,346 | 13,646,700 |
| Public safety, jail and sheriff | 10,739,747 | - | - | - | 3,516,307 | - | - | 524,028 | 14,780,082 |
| Highways and streets | - | 6,006,413 | - | - | - | - | 5,098,578 | - | 11,104,991 |
| Health and sanitation | - | - | 14,676,423 | 576,579 | - | - | - | - | 15,253,002 |
| Parks, culture and recreation | 219,543 | - | - | - | - | - | - | 427,200 | 646,743 |
| Education | - | - | - | - | - | - | - | 419,529 | 419,529 |
| Capital outlay | 505,428 | - | - | 36,175 | 77,279 | 1,700,355 | 8,000 | - | 2,327,237 |
| Total expenditures | <u>21,739,648</u> | <u>6,006,413</u> | <u>14,676,423</u> | <u>612,754</u> | <u>3,593,586</u> | <u>3,365,779</u> | <u>5,106,578</u> | <u>3,077,103</u> | <u>58,178,284</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,836,959</u> | <u>166,906</u> | <u>(1,220,830)</u> | <u>396,312</u> | <u>(52,103)</u> | <u>(1,552,113)</u> | <u>(4,676,911)</u> | <u>741,094</u> | <u>(2,360,686)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Issuance of debt | - | - | - | - | - | 532,101 | - | - | 532,101 |
| Transfers in | 435,087 | - | 1,196,029 | 150,000 | 626,074 | 450,201 | - | 39,517 | 2,896,908 |
| Transfers out | (2,467,462) | - | - | (66,000) | (661,493) | - | - | - | (3,194,955) |
| Total other financing sources (uses) | <u>(2,032,375)</u> | <u>-</u> | <u>1,196,029</u> | <u>84,000</u> | <u>(35,419)</u> | <u>982,302</u> | <u>-</u> | <u>39,517</u> | <u>234,054</u> |
| Net change in fund balance | 1,804,584 | 166,906 | (24,801) | 480,312 | (87,522) | (569,811) | (4,676,911) | 780,611 | (2,126,632) |
| Fund balance - beginning, as restated (See Note IV, E) | <u>5,286,770</u> | <u>1,042,251</u> | <u>1,891,669</u> | <u>2,237,458</u> | <u>2,074,230</u> | <u>(340,247)</u> | <u>9,907,000</u> | <u>2,730,293</u> | <u>24,829,424</u> |
| Fund balance - ending | <u>\$ 7,091,354</u> | <u>\$ 1,209,157</u> | <u>\$ 1,866,868</u> | <u>\$ 2,717,770</u> | <u>\$ 1,986,708</u> | <u>\$ (910,058)</u> | <u>\$ 5,230,089</u> | <u>\$ 3,510,904</u> | <u>\$ 22,702,792</u> |

YAMHILL COUNTY, OREGON

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

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

| | | |
|--|---------------------|---------------------------|
| Net change in fund balances - governmental funds | \$ | (2,126,632) |
| <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:</p> | | |
| Expenditure for capital outlay | 9,225,048 | |
| Less current year depreciation | <u>(14,234,625)</u> | (5,009,577) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:</p> | | |
| Change in deferred revenue | | (108,520) |
| Change in compensated absences | | 15,825 |
| <p>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.</p> | | |
| Issuance of debt | | (532,101) |
| Principal payments | | 277,149 |
| Basis on the disposed assets | | (276,131) |
| Net income of internal service funds after eliminating transfers and income reported above | | 15,053 |
| Change in net assets of governmental activities | \$ | <u><u>(7,744,934)</u></u> |

YAMHILL COUNTY, OREGON
GENERAL FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|--------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Property taxes: | | | | |
| Current year | \$ 12,773,092 | \$ 12,773,092 | \$ 13,204,951 | \$ 431,859 |
| Prior year | 500,000 | 500,000 | 826,022 | 326,022 |
| Licenses and permits | 715,672 | 715,672 | 983,840 | 268,168 |
| Intergovernmental | 5,680,252 | 5,680,252 | 4,585,270 | (1,094,982) |
| Charges for services | 3,877,845 | 3,877,845 | 4,864,887 | 987,042 |
| Fines and forfeitures | 541,183 | 541,183 | 399,771 | (141,412) |
| Investment earnings | 310,010 | 310,010 | 414,515 | 104,505 |
| Other revenue | 278,184 | 278,184 | 297,351 | 19,167 |
| Total revenues | <u>24,676,238</u> | <u>24,676,238</u> | <u>25,576,607</u> | <u>900,369</u> |
| EXPENDITURES: | | | | |
| Administrative services | 651,454 | 667,954 | 657,401 | 10,553 |
| Assessor | 1,378,319 | 1,378,319 | 1,304,627 | 73,692 |
| Board of commissioners | 492,927 | 491,927 | 476,233 | 15,694 |
| County clerk | 1,103,769 | 1,103,769 | 802,174 | 301,595 |
| Information systems | 1,097,973 | 1,100,973 | 940,550 | 160,423 |
| District attorney | 1,599,580 | 1,599,580 | 1,483,770 | 115,810 |
| Planning | 1,766,114 | 1,766,114 | 1,567,835 | 198,279 |
| Surveyor | 120,292 | 125,292 | 116,588 | 8,704 |
| Support enforcement | 358,378 | 358,378 | 324,304 | 34,074 |
| Treasurer | 95,042 | 95,042 | 90,998 | 4,044 |
| Veterans | 139,032 | 139,032 | 102,244 | 36,788 |
| County counsel | 345,171 | 350,171 | 347,547 | 2,624 |
| Transportation | 2,152,311 | 2,152,311 | 1,316,055 | 836,256 |
| Non-departmental | 1,349,429 | 1,348,952 | 914,801 | 434,151 |
| Emergency services | 102,361 | 102,361 | 94,143 | 8,218 |
| Jail | 3,517,657 | 3,517,657 | 3,471,408 | 46,249 |
| Marine | 127,200 | 127,200 | 94,558 | 32,642 |
| Sheriff | 5,220,029 | 5,224,543 | 4,585,816 | 638,727 |
| Mediation services | 103,500 | 103,500 | 47,848 | 55,652 |
| GIS | 264,543 | 264,543 | 213,090 | 51,453 |
| Narcotics investigation | 86,033 | 86,033 | 38,905 | 47,128 |
| Juvenile department | 2,629,718 | 2,679,718 | 2,622,838 | 56,880 |
| Justice court | 293,368 | 238,368 | - | 238,368 |
| Parks | 354,551 | 354,551 | 232,354 | 122,197 |
| Air support division | 83,200 | 83,200 | 9,465 | 73,735 |
| Contingency | 854,552 | 587,478 | - | 587,478 |
| Total expenditures | <u>26,286,503</u> | <u>26,046,966</u> | <u>21,855,552</u> | <u>4,191,414</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,610,265)</u> | <u>(1,370,728)</u> | <u>3,721,055</u> | <u>5,091,783</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 804,055 | 804,055 | 435,087 | (368,968) |
| Transfers out | (2,284,307) | (2,473,844) | (2,317,462) | 156,382 |
| Total other financing sources (uses) | <u>(1,480,252)</u> | <u>(1,669,789)</u> | <u>(1,882,375)</u> | <u>(212,586)</u> |
| Net change in fund balance | (3,090,517) | (3,040,517) | 1,838,680 | 4,879,197 |
| Fund balance - beginning, as restated (See note IV, D) | <u>3,623,863</u> | <u>3,623,863</u> | <u>4,701,190</u> | <u>1,077,327</u> |
| Fund balance - ending | <u>\$ 533,346</u> | <u>\$ 583,346</u> | <u>6,539,870</u> | <u>\$ 5,956,524</u> |
| Reconciliation to GAAP basis: | | | | |
| Compensated absences | | | <u>551,484</u> | |
| GAAP ending fund balance | | | <u>\$ 7,091,354</u> | |

An additional transfer out of \$150,000 is included in the Planning departmental expenditures above. However, transfers out are separately reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

ROAD FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 5,139,074 | \$ 5,139,074 | \$ 5,374,918 | \$ 235,844 |
| Charges for services | 517,511 | 517,511 | 617,319 | 99,808 |
| Licenses and permits | 60,000 | 60,000 | 81,602 | 21,602 |
| Investment earnings | 5,000 | 5,000 | 24,564 | 19,564 |
| Other revenue | <u>375,650</u> | <u>375,650</u> | <u>74,916</u> | <u>(300,734)</u> |
| Total revenues | <u>6,097,235</u> | <u>6,097,235</u> | <u>6,173,319</u> | <u>76,084</u> |
| EXPENDITURES: | | | | |
| Fleet | 494,413 | 494,413 | 447,839 | 46,574 |
| Engineering | 256,191 | 271,191 | 262,221 | 8,970 |
| Road | 5,336,561 | 5,371,561 | 5,294,693 | 76,868 |
| Contingency | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>6,137,165</u> | <u>6,137,165</u> | <u>6,004,753</u> | <u>132,412</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(39,930)</u> | <u>(39,930)</u> | <u>168,566</u> | <u>208,496</u> |
| Net change in fund balance | (39,930) | (39,930) | 168,566 | 208,496 |
| Fund Balance: | | | | |
| Beginning of year | <u>139,930</u> | <u>139,930</u> | <u>896,057</u> | <u>756,127</u> |
| End of year | <u>\$ 100,000</u> | <u>\$ 100,000</u> | 1,064,623 | <u>\$ 964,623</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>144,534</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 1,209,157</u> | |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

HEALTH AND HUMAN SERVICES FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 7,280,702 | \$ 7,280,702 | \$ 7,445,896 | \$ 165,194 |
| Charges for services | 5,575,658 | 5,575,658 | 5,504,876 | (70,782) |
| Licenses and permits | 194,917 | 194,917 | 206,900 | 11,983 |
| Fines and penalties | 39,360 | 39,360 | 74,694 | 35,334 |
| Investment earnings | 70,000 | 70,000 | 92,598 | 22,598 |
| Other revenue | <u>82,202</u> | <u>82,202</u> | <u>130,629</u> | <u>48,427</u> |
| Total revenues | <u>13,242,839</u> | <u>13,242,839</u> | <u>13,455,593</u> | <u>212,754</u> |
| EXPENDITURES: | | | | |
| Community health | 2,021,980 | 2,021,980 | 1,952,907 | 69,073 |
| Developmental disabilities | 4,233,306 | 4,433,306 | 4,424,236 | 9,070 |
| Mental health | 2,375,644 | 2,385,644 | 2,465,297 | (79,653) |
| ABACUS | 561,671 | 591,671 | 573,020 | 18,651 |
| Family & youth | 1,747,110 | 1,747,110 | 1,666,977 | 80,133 |
| Chemical dependency | 1,812,124 | 2,012,124 | 1,968,326 | 43,798 |
| HHS Central services | 1,017,431 | 517,431 | 512,310 | 5,121 |
| Enhanced care facility | <u>1,231,784</u> | <u>1,291,784</u> | <u>1,131,157</u> | <u>160,627</u> |
| Total expenditures | <u>15,001,050</u> | <u>15,001,050</u> | <u>14,694,230</u> | <u>306,820</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,758,211)</u> | <u>(1,758,211)</u> | <u>(1,238,637)</u> | <u>519,574</u> |
| OTHER FINANCING SOURCES : | | | | |
| Transfers in | <u>1,130,029</u> | <u>1,130,029</u> | <u>1,196,029</u> | <u>66,000</u> |
| Net change in fund balance | (628,182) | (628,182) | (42,608) | 585,574 |
| Fund Balance: | | | | |
| Beginning of year | <u>1,690,092</u> | <u>1,690,092</u> | <u>1,647,746</u> | <u>(42,346)</u> |
| End of year | <u>\$ 1,061,910</u> | <u>\$ 1,061,910</u> | <u>1,605,138</u> | <u>\$ 543,228</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>261,730</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 1,866,868</u> | |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

SOLID WASTE FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ 14,350 | \$ 14,350 |
| Charges for services | 707,381 | 707,381 | 930,094 | 222,713 |
| Investment earnings | 45,000 | 45,000 | 61,922 | 16,922 |
| Other revenue | <u>2,700</u> | <u>2,700</u> | <u>2,700</u> | <u>-</u> |
| Total revenues | <u>755,081</u> | <u>755,081</u> | <u>1,009,066</u> | <u>253,985</u> |
| EXPENDITURES: | | | | |
| Solid waste | 1,056,306 | 1,056,306 | 614,045 | 442,261 |
| Contingency | <u>2,031,886</u> | <u>2,031,886</u> | <u>-</u> | <u>2,031,886</u> |
| Total expenditures | <u>3,088,192</u> | <u>3,088,192</u> | <u>614,045</u> | <u>2,474,147</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,333,111) | (2,333,111) | 395,021 | 2,728,132 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 150,000 | 150,000 | 150,000 | - |
| Transfers out | <u>(66,000)</u> | <u>(66,000)</u> | <u>(66,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>84,000</u> | <u>84,000</u> | <u>84,000</u> | <u>-</u> |
| Net change in fund balance | (2,249,111) | (2,249,111) | 479,021 | 2,728,132 |
| Fund Balance: | | | | |
| Beginning of year | <u>2,249,111</u> | <u>2,249,111</u> | <u>2,224,650</u> | <u>(24,461)</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | 2,703,671 | <u>\$ 2,703,671</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>14,099</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 2,717,770</u> | |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

COMMUNITY CORRECTIONS FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 2,697,038 | \$ 2,697,038 | \$ 2,780,047 | \$ 83,009 |
| Charges for services | 496,875 | 496,875 | 621,368 | 124,493 |
| Investment earnings | 35,000 | 35,000 | 118,153 | 83,153 |
| Other revenue | <u>244,499</u> | <u>244,499</u> | <u>21,915</u> | <u>(222,584)</u> |
| Total revenues | <u>3,473,412</u> | <u>3,473,412</u> | <u>3,541,483</u> | <u>68,071</u> |
| EXPENDITURES: | | | | |
| Jail | 1,290,893 | 1,290,893 | 1,033,746 | 257,147 |
| Community corrections | 173,169 | 173,169 | 171,056 | 2,113 |
| State enhancement | 2,207,327 | 2,202,327 | 2,006,920 | 195,407 |
| Victims panel | 3,500 | 3,500 | 1,515 | 1,985 |
| Work release | 414,340 | 414,340 | 351,401 | 62,939 |
| SB 1145 | 258,300 | 258,300 | 236,553 | 21,747 |
| Jail maintenance | 452,905 | 457,905 | 447,364 | 10,541 |
| Contingency | <u>296,625</u> | <u>296,625</u> | <u>-</u> | <u>296,625</u> |
| Total expenditures | <u>5,097,059</u> | <u>5,097,059</u> | <u>4,248,555</u> | <u>848,504</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,623,647)</u> | <u>(1,623,647)</u> | <u>(707,072)</u> | <u>916,575</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | <u>399,575</u> | <u>399,575</u> | <u>626,074</u> | <u>226,499</u> |
| Net change in fund balance | (1,224,072) | (1,224,072) | (80,998) | 1,143,074 |
| Fund Balance: | | | | |
| Beginning of year | <u>1,783,505</u> | <u>1,783,505</u> | <u>1,989,788</u> | <u>206,283</u> |
| End of year | <u>\$ 559,433</u> | <u>\$ 559,433</u> | 1,908,790 | <u>\$ 1,349,357</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>77,918</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 1,986,708</u> | |

Transfers out of \$661,493 are included in the applicable departmental expenditures above. However, transfers out are separately reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

CAPITAL IMPROVEMENT FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 790,000 | \$ 790,000 | \$ 642,051 | \$ (147,949) |
| Charges for services | 1,033,106 | 1,033,106 | 1,002,860 | (30,246) |
| Investment earnings | 936,426 | 936,426 | 14,647 | (921,779) |
| Other revenue | <u>71,500</u> | <u>71,500</u> | <u>154,108</u> | <u>82,608</u> |
| Total revenues | <u>2,831,032</u> | <u>2,831,032</u> | <u>1,813,666</u> | <u>(1,017,366)</u> |
| EXPENDITURES: | | | | |
| Election reserve | | | | |
| Materials & services | 10,000 | 10,000 | - | 10,000 |
| Capital outlay | 95,000 | 95,000 | - | 95,000 |
| Facilities maintenances | 802,801 | 973,659 | 957,620 | 16,039 |
| Information systems | | | | |
| Materials & services | 150,000 | 150,000 | 136,092 | 13,908 |
| Capital improvement | | | | |
| Personnel service | 55,390 | 532 | - | 532 |
| Materials & services | 479,854 | 705,854 | 568,906 | 136,948 |
| Capital outlay | 2,908,010 | 2,576,010 | 1,680,355 | 895,655 |
| Maintenance reserve | <u>74,000</u> | <u>74,000</u> | <u>23,949</u> | <u>50,051</u> |
| Total expenditures | <u>4,575,055</u> | <u>4,585,055</u> | <u>3,366,922</u> | <u>1,218,133</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,744,023)</u> | <u>(1,754,023)</u> | <u>(1,553,256)</u> | <u>200,767</u> |
| OTHER FINANCING SOURCES : | | | | |
| Transfers in | 491,301 | 501,301 | 450,201 | (51,100) |
| Issuance of debt | <u>1,918,400</u> | <u>1,918,400</u> | <u>532,101</u> | <u>(1,386,299)</u> |
| Net change in fund balance | 665,678 | 665,678 | (570,954) | (1,236,632) |
| Fund Balance: | | | | |
| Beginning of year | <u>(516,776)</u> | <u>(516,776)</u> | <u>(349,640)</u> | <u>167,136</u> |
| End of year | <u>\$ 148,902</u> | <u>\$ 148,902</u> | <u>(920,594)</u> | <u>\$ (1,069,496)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>10,536</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ (910,058)</u> | |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

CAPITAL PROJECT FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|--------------------|---------------------------------------|
| REVENUES: | | | | |
| Investment earnings | \$ 100,000 | \$ 100,000 | \$ 429,667 | \$ 329,667 |
| EXPENDITURES: | | | | |
| Materials and services | 5,798,869 | 5,798,869 | 5,098,578 | 700,291 |
| Capital outlay | <u>89,400</u> | <u>89,400</u> | <u>8,000</u> | <u>81,400</u> |
| Total expenditures | <u>5,888,269</u> | <u>5,888,269</u> | <u>5,106,578</u> | <u>781,691</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,788,269)</u> | <u>(5,788,269)</u> | <u>(4,676,911)</u> | <u>1,111,358</u> |
| Net change in fund balances | (5,788,269) | (5,788,269) | (4,676,911) | 1,111,358 |
| Fund Balance: | | | | |
| Beginning of year | <u>7,222,269</u> | <u>7,222,269</u> | <u>9,907,000</u> | <u>2,684,731</u> |
| End of year | <u>\$ 1,434,000</u> | <u>\$ 1,434,000</u> | 5,230,089 | <u>\$ 3,796,089</u> |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

Statement of Net Assets

Proprietary Funds

June 30, 2007

| | Business-type Activities Enterprise Fund Cove Orchard Sewer Service District | Governmental Activities Internal Service Funds |
|--|--|---|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 107,664 | \$ 1,301,035 |
| Accounts receivable | 434 | 66,979 |
| Due from other funds | - | 96,793 |
| Total current assets | <u>108,098</u> | <u>1,464,807</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 78,356 | - |
| Buildings and equipment | 957,674 | 219,851 |
| Less accumulated depreciation | <u>(808,260)</u> | <u>(206,514)</u> |
| Total capital assets (net of accumulated depreciation) | <u>227,770</u> | <u>13,337</u> |
| Total assets | <u>\$ 335,868</u> | <u>\$ 1,478,144</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 7,393 | \$ 91,145 |
| Payroll payable | 893 | 1,796 |
| Compensated absences | - | 5,881 |
| Deposits payable | <u>3,200</u> | <u>-</u> |
| Total current liabilities | <u>11,486</u> | <u>98,822</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 227,770 | 13,337 |
| Unrestricted | <u>96,612</u> | <u>1,365,985</u> |
| Total net assets | <u>\$ 324,382</u> | <u>\$ 1,379,322</u> |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

| | Business-type Activities Enterprise Fund Cove Orchard Sewer Service District | Governmental Activities Internal Service Funds |
|-----------------------------------|--|---|
| Operating revenues: | | |
| Charges for services | \$ 46,963 | \$ 1,237,085 |
| Operating expenses: | | |
| Personal services | 8,440 | 119,322 |
| Materials and services | 35,153 | 1,476,257 |
| Depreciation | 51,997 | 2,667 |
| Total operating expenses | 95,590 | 1,598,246 |
| Total operating income (loss) | (48,627) | (361,161) |
| Nonoperating revenues (expenses): | | |
| Intergovernmental revenue | - | 22,911 |
| Investment earnings | 5,151 | 55,256 |
| Transfers in | - | 298,047 |
| Total nonoperating revenues | 5,151 | 376,214 |
| Change in net assets | (43,476) | 15,053 |
| Net assets - beginning | 367,858 | 1,364,269 |
| Net assets - ending | \$ 324,382 | \$ 1,379,322 |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

| | Business-type Activities - Enterprise Fund Cove Orchard Sewer Service District | Governmental Activities Internal Service Funds |
|---|--|---|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 46,786 | \$ - |
| Receipts from interfund services provided | - | 1,612,511 |
| Payments to suppliers | (28,470) | (1,411,976) |
| Payments to employees | (7,547) | (119,862) |
| Net cash provided (used) by operating activities | 10,769 | 80,673 |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental | - | 22,911 |
| Transfer from other funds | - | 298,047 |
| Net cash provided by noncapital financing activities: | - | 320,958 |
| Cash flows from investing activities: | | |
| Interest received on investments | 5,151 | 55,256 |
| Net increase (decrease) in cash and cash equivalents | 15,920 | 456,887 |
| Cash and cash equivalents - beginning of year | 91,744 | 844,148 |
| Cash and cash equivalents - end of year | \$ 107,664 | \$ 1,301,035 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | |
| Operating income (loss) | \$ (48,627) | \$ (361,161) |
| Depreciation | 51,997 | 2,667 |
| Change in accounts receivable | (177) | 375,426 |
| Change in accounts payable | 6,683 | 64,281 |
| Change in accrued payroll | 893 | (540) |
| Cash provided (used) by operating activities | \$ 10,769 | \$ 80,673 |

YAMHILL COUNTY, OREGON
Statement of Fiduciary Net Assets
June 30, 2007

| | Agency Funds |
|--|---------------------|
| ASSETS | |
| Cash and investments | \$ 2,170,081 |
| Property taxes receivable | 3,677,496 |
| Total assets | <u>5,847,577</u> |
| LIABILITIES | |
| Due to other taxing districts/agencies | 5,513,100 |
| Other liabilities | 334,477 |
| Total liabilities | <u>\$ 5,847,577</u> |

The notes to the financial statements are an integral part of this statement.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies

A. Reporting entity

Yamhill County (County), Oregon was created in 1843 and is an unchartered county. Elected officials of the County consist of three County Commissioners, the Clerk, Sheriff, Surveyor, Treasurer, and Assessor. The District Attorney and the Circuit Court Judges are elected officials of the state. The Commissioners are responsible for the fiscal administration of the County budget. The County provides a full range of services including property tax assessment, tax collection, sheriff, health and immunization clinics, animal control, land use planning, county road and infrastructure maintenance, and a County fair.

The County is a municipal corporation governed by elected County Commissioners. As required by generally accepted accounting principles, these financial statements present Yamhill County and its component units, entities for which Yamhill County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of Yamhill County's operations 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 III. E.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 fiduciary funds are excluded from the government-wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a separate column.

C. Measurement focus, basis of accounting, and financial statement preparation

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

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

Yamhill County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement preparation, continued

The *Road Fund* accounts for revenue and expenditures associated with the operations of the County Road Department.

The *Health and Human Service Fund* 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.

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

The *Community Corrections Fund* accounts for revenues and expenditures associated with supervising convicted persons placed on probation or released from prison on parole residing in Yamhill County.

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

The *Capital Project Fund* accounts for the repair and upgrade of six bridges in Yamhill County. Funding is provided by the Oregon Transportation Commission under the Oregon Transportation Investment Act of 2003.

Proprietary Funds are used to account for the County's ongoing operations and activities which are similar to those found in the private sector.

The following is Yamhill County's major enterprise fund:

The *Cove Orchard Sewer Service District* accounts for the construction and operation of a sewage facility in the Cove Orchard community. Revenues are provided by user charges.

Additionally, Yamhill County reports the following fund types:

Other Governmental Funds include all nonmajor special revenue and capital projects funds of Yamhill County.

Special revenue funds are primarily operating funds that account 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.

Capital projects funds account 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 funds account for those activities and services furnished internally to other organizational units within Yamhill County on a cost reimbursement basis. Charges are made to the various departments to support these activities. Yamhill County's internal service funds include the *Self-insurance* fund and the *Telecommunications* fund. The aggregate of all internal service funds is reflected in the fund financial statements.

Fiduciary funds (e.g., agency funds) are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

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

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement preparation, continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payables from the County's business-type activities to the governmental activities, if any.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Cove Orchard Sewer Service District and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

Yamhill County's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three years or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the County are reported at fair value. The only investment of the County is the LGIP. The LGIP operates in accordance with appropriate state laws and regulations.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables include uncollected interest, property taxes, accounts, and intergovernmental grants. The County management believes that the amount of any uncollectible accounts included in receivables is immaterial. Therefore no provision for uncollectibles accounts has been made.

Accounts receivable represent uncollected grant revenues where all eligibility and timing requirements have been met. Eligibility requirements usually mandate monies be expended on the specific purpose or project before any amounts will be paid to the County; therefore, all eligibility requirements are considered met when the underlying expenditures are recorded. Timing requirements are usually met at the time when the allowable use of the monies has begun.

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

Receivables of the proprietary fund types are recorded as revenue is earned, including services earned but not billed.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note 1 - Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity, continued

3. Inventory

Inventories for all governmental funds are valued at cost. Inventories are maintained only in the Road Fund. Inventories are stated at cost (first-in, first-out basis) in the Road fund. The other funds use the consumption method to account for their inventories.

4. Capital assets

Capital assets, which includes 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 asset lives are not capitalized.

Capital assets of the County, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| | |
|----------------------------|---------------|
| Buildings and 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 |

5. 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.

6. 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.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note II - Stewardship, compliance, and accountability

A. Budget information

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. Except for the agency funds, the County is required by law to budget all funds. The Commissioners legally adopt the budget by resolution prior to the beginning of the County's fiscal year. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The budgetary level of control is by department for the majority of the County's funds. All other funds appropriate by personal services, materials and services and capital outlay. Expenditures may not legally exceed the adopted level of detail and all annual appropriations lapse at year end. The County does not use encumbrance accounting.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers, and adoption by the Board of Commissioners. Management may modify original and supplemental budgets by the use of appropriation transfers, which require only the approval of the Board. However, the transfers of appropriations within a budgetary control level may be made without the approval of the Board. During the year, the County modified its adopted budget with a number of transfer resolutions and supplemental budgets.

B. Excess of expenditures over appropriations

For the year ended June 30, 2007, expenditures in the following funds exceeded budgeted appropriations by the amounts shown:

| <u>Fund/Appropriation:</u> | <u>Amount</u> |
|--|---------------|
| <i>Health and Human Services Fund:</i> | |
| Mental health | \$ 79,653 |
| | |
| <i>Extension Service District Fund</i> | |
| Material & services | \$ 90 |

C. Deficit fund equity

The County had following deficit fund balance (or negative net assets) as of June 30, 2007.

| | |
|--------------------------|--------------|
| Capital improvement fund | \$ (910,058) |
|--------------------------|--------------|

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note III - Detailed notes on all funds

A. Cash and investments

The County pools virtually all funds for investment purposes. Interest earned on pooled investments is allocated to funds based on the prorated amounts pooled by the respective funds. Each fund type's portion of this pool is displayed as "Cash and investments."

Oregon Revised Statutes, Chapter 294, authorizes the County to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool (LGIP), and various interest bearing bonds of Oregon municipalities.

The County is authorized to invest in the LGIP, an external investment pool, within prescribed limits. The investments are booked at fair value and approximate the value of the pool shares. The LGIP investments are governed by a written investment policy that is reviewed annually by the Oregon Short Term Fund Board. The Oregon Short Term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon.

As of June 30, 2007, the County's cash and investment balances were reported as follows:

| | <u>Government-Wide Statements</u> | <u>Agency Funds</u> | <u>Total</u> |
|--------------------------------------|---------------------------------------|---------------------|----------------------|
| Petty cash | \$ 8,960 | \$ - | \$ 8,960 |
| Deposits with financial institutions | 13,870,969 | 2,170,081 | 16,041,050 |
| Investments in LGIP | <u>10,735,253</u> | <u>-</u> | <u>10,735,253</u> |
| Total cash and investments | <u>\$ 24,615,182</u> | <u>\$ 2,170,081</u> | <u>\$ 26,785,263</u> |

Custodial credit risk - deposits. This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial risk, but follows the requirements of ORS 295. As required by the Statute, County officials obtain, from its depositories, certificates of participation in the State Collateral Pool for the full amount of the County's deposits. The depositories, throughout the period of its possession of public fund deposits, are to maintain securities having a value of not less the 25 percent of the certificates of participation issued by its pool manager.

Interest rate risk. While the County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP. As of June 30, 2007, 78% of the investments in LGIP mature within 93 days, 9 % mature within 94 days to on year and 13% mature within one to three years.

Credit risk. The County has no investment policy for credit risk but follows State law. In practice, the County limits investments to the LGIP, which is not rated. The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the LGIP is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested using the prudent investor standard, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued

B. Capital assets

Capital asset activity for the year ended June 30, 2007 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|-------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,568,267 | \$ 15,245 | \$ - | \$ 2,583,512 |
| Right of way | 27,583,456 | - | - | 27,583,456 |
| Gravel roads | 19,148,800 | - | - | 19,148,800 |
| Construction in progress | <u>-</u> | <u>1,991,452</u> | <u>-</u> | <u>1,991,452</u> |
| Total capital assets, not being depreciated | <u>49,300,523</u> | <u>2,006,697</u> | <u>-</u> | <u>51,307,220</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 15,129,732 | 393,366 | (598,153) | 14,924,945 |
| Machinery and equipment | 10,392,829 | 598,880 | (506,346) | 10,485,363 |
| Infrastructure | <u>344,010,068</u> | <u>6,494,701</u> | <u>-</u> | <u>350,504,769</u> |
| Total capital assets being depreciated | <u>369,532,629</u> | <u>7,486,947</u> | <u>(243,612)</u> | <u>375,915,077</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (3,726,576) | (362,619) | 53,427 | (4,035,768) |
| Machinery and equipment | (6,191,809) | (849,561) | 506,346 | (6,535,024) |
| Infrastructure | <u>(218,641,265)</u> | <u>(13,025,112)</u> | <u>-</u> | <u>(231,666,377)</u> |
| Total accumulated depreciation | <u>(228,559,650)</u> | <u>(14,237,292)</u> | <u>559,773</u> | <u>(242,237,169)</u> |
| Total capital assets, being depreciated, net | <u>140,972,979</u> | <u>(6,750,345)</u> | <u>316,161</u> | <u>133,677,908</u> |
| Governmental activities capital assets, net | <u>\$ 190,273,502</u> | <u>\$ (4,743,648)</u> | <u>\$ 316,161</u> | <u>\$ 184,985,128</u> |

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 78,356 | \$ - | \$ - | \$ 78,356 |
| Capital assets, being depreciated: | | | | |
| Buildings | 957,674 | - | - | 957,674 |
| Less accumulated depreciation | <u>(756,263)</u> | <u>(51,997)</u> | <u>-</u> | <u>(808,260)</u> |
| Total capital assets, being depreciated, net | <u>201,411</u> | <u>(51,997)</u> | <u>-</u> | <u>149,414</u> |
| Business-type activities capital assets, net | <u>\$ 279,767</u> | <u>\$ (51,997)</u> | <u>\$ -</u> | <u>\$ 227,770</u> |

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

| | | |
|--|--|----------------------|
| Governmental activities: | | |
| General government | | \$ 983,685 |
| Public safety | | 54,535 |
| Highways and streets | | 13,132,867 |
| Health and sanitation | | 47,741 |
| Culture and recreation | | <u>18,464</u> |
| Total depreciation expense - governmental activities | | <u>\$ 14,237,292</u> |
| Business-type activities: | | |
| Cove Orchard sewer service district | | <u>\$ 51,997</u> |

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued

C. Interfund due to/ due from and transfers

| Due to: | Due from: | | | | |
|-----------------------------|------------------|---------------------|------------------------|-----------------------------|---------------------|
| | General | Solid Waste | Internal Service Funds | Nonmajor Governmental Funds | Total |
| General | \$ - | \$ 344,379 | \$ - | \$ - | \$ 344,379 |
| Capital Improvement | - | 750,621 | 96,793 | 244,128 | 1,091,542 |
| Nonmajor Governmental Funds | <u>15,000</u> | - | - | - | <u>15,000</u> |
| Total | <u>\$ 15,000</u> | <u>\$ 1,095,000</u> | <u>\$ 96,793</u> | <u>\$ 244,128</u> | <u>\$ 1,450,921</u> |

The \$15,000 payable to the General Fund from nonmajor governmental funds was used to purchase items for the fair kitchen. The \$344,379 payable to the General Fund from the Solid Waste Fund was used for the purchase of the YCAP building and the property at 420 7th Street in McMinnville. The \$750,621 payable from the 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 \$244,128 payable to the nonmajor governmental funds from the Capital Improvement fund is related to the local match for the new Health and Human Services buildings. The \$96,793 payable to the Internal Service Funds from the Capital Improvement Fund was used for the purchase of a property at 602 Davis Street.

| Transfers out: | Transfers in: | | | | | | | Total |
|----------------------------|-------------------|-------------------------------|-------------------|----------------------------|--------------------------|------------------------|--------------------------|---------------------|
| | General Fund | Health and Human Service Fund | Solid Waste Fund | Community Corrections Fund | Capital Improvement Fund | Internal Service Funds | Other Governmental Funds | |
| General Fund | \$ - | \$ 1,130,029 | \$ 150,000 | \$ 399,668 | \$ 450,201 | \$ 298,047 | \$ 39,517 | \$ 2,467,462 |
| Solid Waste Fund | 66,000 | - | - | - | - | - | - | 66,000 |
| Community Corrections Fund | <u>369,087</u> | <u>66,000</u> | - | <u>226,406</u> | - | - | - | <u>661,493</u> |
| Total | <u>\$ 435,087</u> | <u>\$ 1,196,029</u> | <u>\$ 150,000</u> | <u>\$ 626,074</u> | <u>\$ 450,201</u> | <u>\$ 298,047</u> | <u>\$ 39,517</u> | <u>\$ 3,194,955</u> |

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 and Health and Human Services 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 Community Corrections to the General 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.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued

D. Long-term debt

Capital leases. The County has entered into a lease/purchase agreement to acquire equipment. The capital lease obligation is for general government activities. This lease agreement qualifies as capital lease for accounting purposes and has been capitalized in accordance with generally accepted accounting principles.

| | | |
|--------------------------------|------------------------------------|------------------|
| | <u>Governmental Activities</u> | |
| Equipment | \$ | 291,208 |
| Less: accumulated depreciation | | <u>(171,659)</u> |
| | \$ | <u>119,549</u> |

The annual debt service requirements for capital leases to be paid from governmental activities at June 30, 2007 are as follows:

| <u>Year Ending June 30:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-----------------|-------------------|
| 2008 | 59,207 | 3,779 | 62,986 |
| 2009 | <u>61,339</u> | <u>1,647</u> | <u>62,986</u> |
| Total | <u>\$ 120,546</u> | <u>\$ 5,426</u> | <u>\$ 125,972</u> |

General Obligation Bond. On August 27, 2003 the County issued Full Faith and Credit Bonds. The bond proceeds were to be used to purchase the PMC Building, emergency communications equipment, and to finance the Juvenile Detention Center improvements. The bond is for the amount of \$1,750,000. The balance of the bond on June 30, 2007 was \$1,115,000. The bond interest is payable semiannually on September 1st and March 1st at an interest rate of 2.0% to 4.7%, beginning March 1st, 2004 and ending September 1, 2023. The bond principal is payable annually beginning on September 1, 2004.

Oregon Economic and Community Development Department Loan (*OECD*). On August 1, 2006, the County entered into an agreement with OECD to partially fund the construction of the new Health and Human Services building. The total amount of the note is \$1,350,000 with an annual interest rate of 2.61% for 2.5 years and/or until the completion of construction. The County requests funds after construction costs are incurred. Total amount outstanding at June 30, 2007, was \$532,101.

Annual debt service requirements to maturity at year end are as follows:

| | <u>Governmental Activities</u> | |
|-----------------------------|--------------------------------|-------------------|
| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 612,101 | \$ 58,813 |
| 2009 | 80,000 | 42,525 |
| 2010 | 50,000 | 40,000 |
| 2011 | 50,000 | 180,000 |
| 2012 | 50,000 | 36,825 |
| 2013 - 2017 | 285,000 | 132,540 |
| 2018 - 2022 | 355,000 | 81,113 |
| 2023 - 2027 | <u>165,000</u> | <u>7,873</u> |
| Total | <u>\$ 1,647,101</u> | <u>\$ 579,689</u> |

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due within one year</u> |
|---------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bond payable | \$ 1,335,000 | \$ - | \$ (220,000) | \$ 1,115,000 | \$ 80,000 |
| OECDD note payable | - | 532,101 | - | 532,101 | 532,101 |
| Capital lease | <u>177,695</u> | <u>-</u> | <u>(57,149)</u> | <u>120,546</u> | <u>59,207</u> |
| | <u>\$ 1,512,695</u> | <u>\$ 532,101</u> | <u>\$ (277,149)</u> | <u>\$ 1,767,647</u> | <u>\$ 671,308</u> |

Total interest expense incurred by the County during the fiscal year was \$45,253. None of this amount was capitalized as part of the cost of capital assets under construction. Interest expense is included in direct function expenses in the statement of activities. In prior years the General Fund has been used to liquidate other long-term liabilities.

E. Conduit financing

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 Retirement Community - Oregon to finance the costs of a new retirement facility. Friendsview Retirement Community - Oregon has pledged revenue to secure the payment of the bonds. As of June 30, 2007, \$17,500,000 of the refunding bonds were outstanding.

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 2005 in the aggregate principal amount not to exceed \$28,400,000. 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.

F. 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.

Note IV - Other information

A. 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 \$77,900 for the lease and other services during the year ended June 30, 2007.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note IV - Other information (continued)

B. Contingent liabilities

Accumulated sick leave has not been accrued and reported in the financial statements. Sick leave can be taken only in the event of illness and is not convertible into pay upon termination of employment, with certain exceptions. Sick leave is recorded as an expenditure when paid. Employees covered by the flexible earned time option accrue Personal Extended Leave Time. This is paid out in the event of extended illness or retirement only and vests over 14 years.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed costs may constitute a liability of the applicable funds. Such amounts, if any, cannot be determined at this time and, accordingly, no liability is reflected in the financial statements.

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

C. Oregon Public Employees Retirement System and Plan

The County is a participating employer in the Oregon Public Employees Retirement System (OPERS), a multiple-employer public employee retirement system. OPERS is administered under Oregon Revised Statutes Chapter 238, and Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB).

OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>

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

- PERS (Public Employee Retirement System) is a defined benefit pension plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Legislature enacted a second level or "tier" or PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The County's current annual required contribution rate of 10.94% was based on a December 31, 2003 actuarial evaluation. Up through December 31, 2003, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.
- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

The defined benefit pension plan is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The County's current required contribution rates for the OPSRP defined benefit pension plan is 8.04% for general service employees and 11.65% for police and fire employees.

The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The County has elected to pay the all of the employees' required IAP contributions. For the fiscal year ended June 30, 2007, the 6% IAP contribution expense was \$1,084,450. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 are deposited in the member's IAP, not into the member's PERS account.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note IV - Other information (continued)

C. Oregon Employees Retirement System and Plan, continued

Annual Pension Cost - The County contributed 14.18% of covered payroll for PERS tiers one and two and 8.04% for general service and 11.65% for police and fire of covered payroll for OPSRP for the fiscal year ended June 30, 2007. All participating employers are required by law to submit the contributions as adopted by OPERB. The County's contributions, exclusive of the 6% "pick-up" for the fiscal years ended June 30, 2007, 2006, and 2005 were \$2,409,468, \$2,452,669 and \$2,243,368, respectively, equal to the required contributions for each year.

The County's pension liability and the annual required contribution rate were determined using the projected unit credit method. Under the projected unit credit cost method, the objective is to fund each member's benefit under the plan as it accrues, taking into consideration expected future compensation increases. The unfunded actuarial liability ("UAL") created by this method is currently amortized as a level percentage of combined valuation payroll (Tier One/Tier Two plus OPSRP payroll) over the period from the valuation date to December 31, 2027. As of December 31, 2005, the amortization period is 22 years. When the amortization period reaches 20 years, the period for the existing UAL will continue to decline until it is paid off, and new gains and losses recognized in each odd-year valuation will be amortized over a period of 20 years from that valuation. The change in UAL due to the change from Entry Age Normal to Projected Unit Credit on December 31, 2004, is amortized as a level percentage of combined valuation payroll over a rolling three-year period. Contribution rates are confined to a collar based on the prior contribution rate (prior to application of side accounts). The new contribution rate will not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage drops below 80 percent or increases above 120 percent, the size of the collar doubles.

The actuarial value of assets equals the market value of assets, reduced by the Contingency, Capital Preservation, and Rate Guarantee Reserves. The actuarial assumptions include an investment return of 8.0% compounded annually, projected annual salary increases of 3.75%, health cost inflation graded from 9% in 2007 to 5% in 2013, and a consumer price inflation component of 2.75%.

The following table presents a schedule of funding progress for all years available:

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded/ (Surplus) Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded/ (Surplus) Actuarial Liability/ Payroll |
|----------------|---------------------------|-----------------------------|---|--------------|-----------------|--|
| 12/31/2006 | 48,376,680 | 35,252,368 | (13,124,312) | 137 | 18,238,600 | (72)% |
| 12/31/2005 | 40,848,229 | 31,906,359 | (8,941,870) | 128 | 16,765,134 | (53)% |
| 12/31/2004 | 32,355,464 | 30,084,814 | (2,270,650) | 108 | 16,198,706 | (14)% |
| 12/31/2003 | 25,246,454 | 26,093,816 | 847,362 | 97 | 15,193,244 | 6 % |
| 12/31/2001 | 22,367,955 | 19,185,831 | (3,182,124) | 117 | 15,864,020 | (20)% |
| 12/31/1999 | 19,367,517 | 14,225,527 | (5,141,990) | 136 | 14,324,130 | (36)% |

D. Risk management

The County is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; and natural disasters.

The County is a member of the City-County Insurance Services (CCIS), a public entity risk pool which operates a common risk management and insurance program. The County pays CCIS premiums for comprehensive general liability and retrospective premiums for its workers' compensation coverage. All eligible funds of the County participate in such coverage and the cost is allocated to each fund by charging a "premium" which includes a provision for catastrophic losses.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

YAMHILL COUNTY, OREGON

Notes to Financial Statements

June 30, 2007

Note IV - Other information (continued)

E. Prior period adjustments

The County's beginning fund balance and net assets were adjusted to properly report accounts payable at June 30, 2006. The effects on beginning fund balance and net assets, as applicable, was as follows: General Fund - decreased \$103,277; Self-Insurance Fund and Combined Internal Service Fund - decreased \$20,596; and governmental activities (government-wide statement of net assets) - net decrease of \$123,873.

The County's beginning governmental fund balances were adjusted to remove compensated absence expenditures and related accruals, that are included on the budgetary statements for budgetary purposes. The beginning fund balances decreased as follows: General Fund - \$585,580; Road Fund - \$146,194; Health and Human Services Fund - \$243,923; Solid Waste Fund - \$12,808; Community Corrections Fund - \$84,442; Other Governmental Funds - \$11,335.

Should these expenditures been recognized in the prior period, there would have not been a budget compliance violation.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

YAMHILL COUNTY, OREGON

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Project Funds | Total |
|---------------------------------------|---|---|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and investments | \$ 1,821,680 | \$ 1,391,325 | \$ 3,213,005 |
| Receivables: | | | |
| Taxes | 26,939 | - | 26,939 |
| Accounts | 338,076 | 57,885 | 395,961 |
| Prepays | 14,598 | - | 14,598 |
| Due from other funds | 244,128 | - | 244,128 |
| Total assets | <u>\$ 2,445,421</u> | <u>\$ 1,449,210</u> | <u>\$ 3,894,631</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 277,003 | \$ - | \$ 277,003 |
| Due to other funds | 15,000 | - | 15,000 |
| Payroll and related liabilities | 9,243 | - | 9,243 |
| Deposits | 43,684 | - | 43,684 |
| Deferred revenue | 38,797 | - | 38,797 |
| Total liabilities | <u>383,727</u> | <u>-</u> | <u>383,727</u> |
| FUND BALANCES | | | |
| Unreserved, undesignated reported in: | | | |
| Special revenue funds | 2,061,694 | - | 2,061,694 |
| Capital project funds | - | 1,449,210 | 1,449,210 |
| Total fund balances | <u>2,061,694</u> | <u>1,449,210</u> | <u>3,510,904</u> |
| Total liabilities and fund balances | <u>\$ 2,445,421</u> | <u>\$ 1,449,210</u> | <u>\$ 3,894,631</u> |

YAMHILL COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Project Funds | Total |
|--|---|---|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES: | | | |
| Property taxes | \$ 268,008 | \$ - | \$ 268,008 |
| Licenses and permits | 223,795 | - | 223,795 |
| Intergovernmental | 1,685,163 | 42,860 | 1,728,023 |
| Charges for services | 761,534 | 336,560 | 1,098,094 |
| Fines, fees and forfeitures | 170,705 | - | 170,705 |
| Investment earnings | 102,791 | 59,630 | 162,421 |
| Other revenue | 148,901 | 18,250 | 167,151 |
| Total revenues | <u>3,360,897</u> | <u>457,300</u> | <u>3,818,197</u> |
| EXPENDITURES: | | | |
| General government | 1,589,267 | 117,079 | 1,706,346 |
| Public safety, jail and sheriff | 522,743 | 1,285 | 524,028 |
| Parks, culture and recreation | 427,200 | - | 427,200 |
| Education | 419,529 | - | 419,529 |
| Total expenditures | <u>2,958,739</u> | <u>118,364</u> | <u>3,077,103</u> |
| Excess of revenues over expenditures | <u>402,158</u> | <u>338,936</u> | <u>741,094</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | <u>39,517</u> | <u>-</u> | <u>39,517</u> |
| Net change in fund balance | 441,675 | 338,936 | 780,611 |
| Fund balance - beginning, as restated (See Note IV, E) | <u>1,620,019</u> | <u>1,110,274</u> | <u>2,730,293</u> |
| Fund balance - ending | <u>\$ 2,061,694</u> | <u>\$ 1,449,210</u> | <u>\$ 3,510,904</u> |

SPECIAL REVENUE FUNDS

YAMHILL COUNTY, OREGON
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2007

| | County Clerk's Records Fund | Dog Fund | Law Library Fund | County School Fund | Commission on Children and Families Fund | County Fair Fund | 911 Emergency System Fund |
|-------------------------------------|-----------------------------------|-------------------|------------------------|--------------------------|---|------------------------|------------------------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 150,130 | \$ 179,401 | \$ 27,993 | \$ 591 | \$ 105,248 | \$ 119,722 | \$ 10,994 |
| Receivables: | | | | | | | |
| Tax | - | - | - | - | - | - | - |
| Accounts | 655 | 735 | 8,483 | 81 | 112,070 | 525 | 190,181 |
| Prepays | - | - | - | - | - | 14,598 | - |
| Due from other funds: | - | - | - | - | - | - | - |
| Total assets | <u>\$ 150,785</u> | <u>\$ 180,136</u> | <u>\$ 36,476</u> | <u>\$ 672</u> | <u>\$ 217,318</u> | <u>\$ 134,845</u> | <u>\$ 201,175</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ - | \$ 7,524 | \$ 4,662 | \$ - | \$ 162,696 | \$ 13,266 | \$ 63,031 |
| Due to other funds | - | - | - | - | - | - | - |
| Payroll and related liabilities | 335 | 2,415 | - | - | 3,264 | - | - |
| Deposits | - | 4,684 | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | 13,665 | - |
| Total liabilities | <u>335</u> | <u>14,623</u> | <u>4,662</u> | <u>-</u> | <u>165,960</u> | <u>26,931</u> | <u>63,031</u> |
| FUND BALANCES | | | | | | | |
| Unreserved, undesignated | 150,450 | 165,513 | 31,814 | 672 | 51,358 | 107,914 | 138,144 |
| Total liabilities and fund balances | <u>\$ 150,785</u> | <u>\$ 180,136</u> | <u>\$ 36,476</u> | <u>\$ 672</u> | <u>\$ 217,318</u> | <u>\$ 134,845</u> | <u>\$ 201,175</u> |

YAMHILL COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

| Economic Development Fund | Corner Restoration Fund | System Development Fund | Title III Fund | Communication Levy Fund | Court Security Fund | Yamhill Emergency Communications District Fund | Extension Service District Fund | Total |
|---------------------------------|-------------------------------|-------------------------------|-------------------|-------------------------------|---------------------------|--|--|---------------------|
| \$ 361,048 | \$ 575,811 | \$ 90,767 | \$ 107,066 | \$ 13,924 | \$ 27,024 | \$ 22,848 | \$ 29,113 | \$ 1,821,680 |
| - | - | - | - | - | - | 12,719 | 14,220 | 26,939 |
| 1,467 | 2,355 | 367 | 740 | 67 | 12,534 | 2,680 | 5,136 | 338,076 |
| - | - | - | - | - | - | - | - | 14,598 |
| - | 244,128 | - | - | - | - | - | - | 244,128 |
| <u>\$ 362,515</u> | <u>\$ 822,294</u> | <u>\$ 91,134</u> | <u>\$ 107,806</u> | <u>\$ 13,991</u> | <u>\$ 39,558</u> | <u>\$ 38,247</u> | <u>\$ 48,469</u> | <u>\$ 2,445,421</u> |
| \$ 10,295 | \$ 4,917 | \$ 6,145 | \$ 3,904 | \$ 335 | \$ - | \$ - | \$ 228 | \$ 277,003 |
| - | - | 15,000 | - | - | - | - | - | 15,000 |
| 737 | 2,382 | - | - | - | 110 | - | - | 9,243 |
| - | 39,000 | - | - | - | - | - | - | 43,684 |
| - | - | - | - | - | - | 12,018 | 13,114 | 38,797 |
| <u>11,032</u> | <u>46,299</u> | <u>21,145</u> | <u>3,904</u> | <u>335</u> | <u>110</u> | <u>12,018</u> | <u>13,342</u> | <u>383,727</u> |
| 351,483 | 775,995 | 69,989 | 103,902 | 13,656 | 39,448 | 26,229 | 35,127 | 2,061,694 |
| <u>\$ 362,515</u> | <u>\$ 822,294</u> | <u>\$ 91,134</u> | <u>\$ 107,806</u> | <u>\$ 13,991</u> | <u>\$ 39,558</u> | <u>\$ 38,247</u> | <u>\$ 48,469</u> | <u>\$ 2,445,421</u> |

YAMHILL COUNTY, OREGON
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

| | County Clerk's Records Fund | Dog Fund | Law Library Fund | County School Fund | Commission on Children and Families Fund | County Fair Fund | 911 Emergency System Fund |
|---|-----------------------------------|-------------------|------------------------|--------------------------|---|------------------------|------------------------------------|
| REVENUES: | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | 223,795 | - | - | - | - | - |
| Intergovernmental | - | - | - | 166,952 | 664,516 | 46,456 | 248,712 |
| Charges for services | 27,282 | 29,854 | 10 | - | - | 343,076 | - |
| Fines, fees and forfeitures | - | 19,975 | 83,385 | - | - | - | - |
| Investment earnings | 7,428 | 7,319 | 1,234 | 991 | 8,958 | 3,844 | 2,964 |
| Other revenue | - | 34,871 | 86 | 1,774 | - | 70,778 | - |
| Total revenues | <u>34,710</u> | <u>315,814</u> | <u>84,715</u> | <u>169,717</u> | <u>673,474</u> | <u>464,154</u> | <u>251,676</u> |
| EXPENDITURES | | | | | | | |
| General government | 25,373 | - | 74,560 | - | 673,412 | - | - |
| Public safety, jail and sheriff | - | 250,396 | - | - | - | - | 179,352 |
| Parks, culture and recreation | - | - | - | - | - | 368,057 | - |
| Education | - | - | - | 169,729 | - | - | - |
| Total expenditures | <u>25,373</u> | <u>250,396</u> | <u>74,560</u> | <u>169,729</u> | <u>673,412</u> | <u>368,057</u> | <u>179,352</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>9,337</u> | <u>65,418</u> | <u>10,155</u> | <u>(12)</u> | <u>62</u> | <u>96,097</u> | <u>72,324</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 9,337 | 65,418 | 10,155 | (12) | 62 | 96,097 | 72,324 |
| Fund balance - beginning, as restated (See Note IV, E) | <u>141,113</u> | <u>100,095</u> | <u>21,659</u> | <u>684</u> | <u>51,296</u> | <u>11,817</u> | <u>65,820</u> |
| Fund balance - end of year | <u>\$ 150,450</u> | <u>\$ 165,513</u> | <u>\$ 31,814</u> | <u>\$ 672</u> | <u>\$ 51,358</u> | <u>\$ 107,914</u> | <u>\$ 138,144</u> |

YAMHILL COUNTY, OREGON
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

| Economic Development Fund | Corner Restoration Fund | Systems Development Fund | Title III Fund | Communication Levy Fund | Court Security Fund | Yamhill Emergency Communications District Fund | Extension Service District Fund | Total |
|---------------------------------|-------------------------------|--------------------------------|-------------------|-------------------------------|---------------------------|--|--|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,551 | \$ 243,457 | \$ 268,008 |
| - | - | - | - | - | - | - | - | 223,795 |
| 315,298 | - | - | 243,229 | - | - | - | - | 1,685,163 |
| - | 249,849 | 56,463 | - | 55,000 | - | - | - | 761,534 |
| - | - | - | - | - | 67,345 | - | - | 170,705 |
| 17,331 | 28,794 | 4,380 | 8,354 | 2,338 | 429 | 4,417 | 4,010 | 102,791 |
| - | - | - | - | 41,392 | - | - | - | 148,901 |
| <u>332,629</u> | <u>278,643</u> | <u>60,843</u> | <u>251,583</u> | <u>98,730</u> | <u>67,774</u> | <u>28,968</u> | <u>247,467</u> | <u>3,360,897</u> |
| 274,547 | 149,024 | - | 183,448 | 6,064 | - | 202,839 | - | 1,589,267 |
| - | - | - | - | - | 92,995 | - | - | 522,743 |
| - | - | 59,143 | - | - | - | - | - | 427,200 |
| - | - | - | - | - | - | - | 249,800 | 419,529 |
| <u>274,547</u> | <u>149,024</u> | <u>59,143</u> | <u>183,448</u> | <u>6,064</u> | <u>92,995</u> | <u>202,839</u> | <u>249,800</u> | <u>2,958,739</u> |
| 58,082 | 129,619 | 1,700 | 68,135 | 92,666 | (25,221) | (173,871) | (2,333) | 402,158 |
| - | - | - | - | - | 39,517 | - | - | 39,517 |
| - | - | - | - | - | 39,517 | - | - | 39,517 |
| 58,082 | 129,619 | 1,700 | 68,135 | 92,666 | 14,296 | (173,871) | (2,333) | 441,675 |
| 293,401 | 646,376 | 68,289 | 35,767 | (79,010) | 25,152 | 200,100 | 37,460 | 1,620,019 |
| <u>\$ 351,483</u> | <u>\$ 775,995</u> | <u>\$ 69,989</u> | <u>\$ 103,902</u> | <u>\$ 13,656</u> | <u>\$ 39,448</u> | <u>\$ 26,229</u> | <u>\$ 35,127</u> | <u>\$ 2,061,694</u> |

YAMHILL COUNTY, OREGON
COUNTY CLERK'S RECORDS FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Charges for services | \$ 21,300 | \$ 21,300 | \$ 27,282 | \$ 5,982 |
| Investment earnings | <u>2,000</u> | <u>2,000</u> | <u>7,428</u> | <u>5,428</u> |
| Total revenues | <u>23,300</u> | <u>23,300</u> | <u>34,710</u> | <u>11,410</u> |
| EXPENDITURES: | | | | |
| Personal Services | 17,129 | 17,129 | 689 | 16,440 |
| Materials and Services | 65,375 | 65,375 | 17,298 | 48,077 |
| Capital Outlay | <u>12,000</u> | <u>12,000</u> | <u>7,386</u> | <u>4,614</u> |
| Total expenditures | <u>94,504</u> | <u>94,504</u> | <u>25,373</u> | <u>69,131</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(71,204)</u> | <u>(71,204)</u> | <u>9,337</u> | <u>80,541</u> |
| Net change in fund balances | (71,204) | (71,204) | 9,337 | 80,541 |
| Fund Balance: | | | | |
| Beginning of year | <u>100,000</u> | <u>100,000</u> | <u>141,113</u> | <u>41,113</u> |
| End of year | <u>\$ 28,796</u> | <u>\$ 28,796</u> | <u>\$ 150,450</u> | <u>\$ 121,654</u> |

YAMHILL COUNTY, OREGON

DOG CONTROL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Licenses and permits | \$ 176,800 | \$ 176,800 | \$ 223,795 | \$ 46,995 |
| Charges for services | 29,000 | 29,000 | 29,854 | 854 |
| Fines and penalties | 5,000 | 5,000 | 19,975 | 14,975 |
| Investment earnings | 3,100 | 3,100 | 7,319 | 4,219 |
| Other revenue | <u>9,760</u> | <u>9,760</u> | <u>34,871</u> | <u>25,111</u> |
| Total revenues | <u>223,660</u> | <u>223,660</u> | <u>315,814</u> | <u>92,154</u> |
| EXPENDITURES: | | | | |
| Dog control | <u>297,556</u> | <u>297,556</u> | <u>252,195</u> | <u>45,361</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(73,896)</u> | <u>(73,896)</u> | <u>63,619</u> | <u>137,515</u> |
| Net change in fund balances | (73,896) | (73,896) | 63,619 | 137,515 |
| Fund Balance: | | | | |
| Beginning of year | <u>73,896</u> | <u>73,896</u> | <u>96,731</u> | <u>22,835</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>160,350</u> | <u>\$ 160,350</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>5,163</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 165,513</u> | |

YAMHILL COUNTY, OREGON

LAW LIBRARY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Charges for services | \$ 20 | \$ 20 | \$ 10 | \$ (10) |
| Fines and penalties | 70,000 | 70,000 | 83,385 | 13,385 |
| Investment earnings | 400 | 400 | 1,234 | 834 |
| Other revenue | <u>50</u> | <u>50</u> | <u>86</u> | <u>36</u> |
| Total revenues | <u>70,470</u> | <u>70,470</u> | <u>84,715</u> | <u>14,245</u> |
| EXPENDITURES: | | | | |
| Law library | 77,060 | 77,060 | 74,560 | 2,500 |
| Contingency | <u>9,464</u> | <u>9,464</u> | <u>-</u> | <u>9,464</u> |
| Total expenditures | <u>86,524</u> | <u>86,524</u> | <u>74,560</u> | <u>11,964</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(16,054)</u> | <u>(16,054)</u> | <u>10,155</u> | <u>26,209</u> |
| Net change in fund balances | (16,054) | (16,054) | 10,155 | 26,209 |
| Fund Balance: | | | | |
| Beginning of year | <u>16,054</u> | <u>16,054</u> | <u>21,659</u> | <u>5,605</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,814</u> | <u>\$ 31,814</u> |

YAMHILL COUNTY, OREGON

COUNTY SCHOOL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|----------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 171,000 | \$ 171,000 | \$ 166,952 | \$ (4,048) |
| Investment earnings | 1,000 | 1,000 | 991 | (9) |
| Other revenue | - | - | 1,774 | 1,774 |
| Total revenues | <u>172,000</u> | <u>172,000</u> | <u>169,717</u> | <u>(2,283)</u> |
| EXPENDITURES: | | | | |
| Materials and services | <u>172,100</u> | <u>172,100</u> | <u>169,729</u> | <u>2,371</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(100)</u> | <u>(100)</u> | <u>(12)</u> | <u>88</u> |
| Net change in fund balances | (100) | (100) | (12) | 88 |
| Fund Balance: | | | | |
| Beginning of year | <u>100</u> | <u>100</u> | <u>684</u> | <u>584</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 672</u> | <u>\$ 672</u> |

YAMHILL COUNTY, OREGON
COMMISSION ON CHILDREN AND FAMILIES FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 608,765 | \$ 658,765 | \$ 664,516 | \$ 5,751 |
| Investment earnings | <u>3,000</u> | <u>3,000</u> | <u>8,958</u> | <u>5,958</u> |
| Total revenues | <u>611,765</u> | <u>661,765</u> | <u>673,474</u> | <u>11,709</u> |
| EXPENDITURES: | | | | |
| Commission on children | <u>634,843</u> | <u>684,843</u> | <u>674,188</u> | <u>10,655</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(23,078)</u> | <u>(23,078)</u> | <u>(714)</u> | <u>22,364</u> |
| Net change in fund balances | (23,078) | (23,078) | (714) | 22,364 |
| Fund Balance: | | | | |
| Beginning of year | <u>33,927</u> | <u>33,927</u> | <u>50,518</u> | <u>16,591</u> |
| End of year | <u>\$ 10,849</u> | <u>\$ 10,849</u> | 49,804 | <u>\$ 38,955</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>1,554</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 51,358</u> | |

YAMHILL COUNTY, OREGON

COUNTY FAIR FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 46,000 | \$ 46,000 | \$ 46,456 | \$ 456 |
| Charges for services | 248,200 | 250,852 | 343,076 | 92,224 |
| Investment earnings | 2,500 | 2,500 | 3,844 | 1,344 |
| Other revenue | <u>85,000</u> | <u>82,348</u> | <u>70,778</u> | <u>(11,570)</u> |
| Total revenues | <u>381,700</u> | <u>381,700</u> | <u>464,154</u> | <u>82,454</u> |
| EXPENDITURES: | | | | |
| County fair | 165,700 | 165,700 | 154,951 | 10,749 |
| Event center | 206,000 | 218,521 | 213,106 | 5,415 |
| Contingency | <u>12,521</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>384,221</u> | <u>384,221</u> | <u>368,057</u> | <u>16,164</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,521) | (2,521) | 96,097 | 98,618 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund loan | <u>11,344</u> | <u>11,344</u> | <u>-</u> | <u>(11,344)</u> |
| Net change in fund balances | 8,823 | 8,823 | 96,097 | 87,274 |
| Fund Balance: | | | | |
| Beginning of year | <u>(8,823)</u> | <u>(8,823)</u> | <u>11,817</u> | <u>20,640</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 107,914</u> | <u>\$ 107,914</u> |

YAMHILL COUNTY, OREGON

911 EMERGENCY SYSTEM FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 200,000 | \$ 200,000 | \$ 248,712 | \$ 48,712 |
| Investment earnings | <u>1,000</u> | <u>1,000</u> | <u>2,964</u> | <u>1,964</u> |
| Total revenues | <u>201,000</u> | <u>201,000</u> | <u>251,676</u> | <u>50,676</u> |
| EXPENDITURES: | | | | |
| Materials and services | <u>251,000</u> | <u>251,000</u> | <u>179,352</u> | <u>71,648</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(50,000)</u> | <u>(50,000)</u> | <u>72,324</u> | <u>122,324</u> |
| Net change in fund balances | (50,000) | (50,000) | 72,324 | (122,324) |
| Fund Balance: | | | | |
| Beginning of year | <u>50,000</u> | <u>50,000</u> | <u>65,820</u> | <u>15,820</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 138,144</u> | <u>\$ 138,144</u> |

YAMHILL COUNTY, OREGON
ECONOMIC DEVELOPMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 290,000 | \$ 290,000 | \$ 315,298 | \$ 25,298 |
| Investment earnings | <u>8,000</u> | <u>8,000</u> | <u>17,331</u> | <u>9,331</u> |
| Total revenues | <u>298,000</u> | <u>298,000</u> | <u>332,629</u> | <u>34,629</u> |
| EXPENDITURES: | | | | |
| Personal services | 41,482 | 41,482 | 39,541 | 1,941 |
| Materials and services | <u>499,518</u> | <u>499,518</u> | <u>235,711</u> | <u>263,807</u> |
| Total expenditures | <u>541,000</u> | <u>541,000</u> | <u>275,252</u> | <u>265,748</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(243,000)</u> | <u>(243,000)</u> | <u>57,377</u> | <u>300,377</u> |
| Net change in fund balances | (243,000) | (243,000) | 57,377 | (300,377) |
| Fund Balance: | | | | |
| Beginning of year | <u>243,000</u> | <u>243,000</u> | <u>291,366</u> | <u>48,366</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | 348,743 | <u>\$ 348,743</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>2,740</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 351,483</u> | |

YAMHILL COUNTY, OREGON

CORNER RESTORATION FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Charges for services | \$ 220,560 | \$ 220,560 | \$ 249,849 | \$ 29,289 |
| Investment earnings | <u>8,000</u> | <u>8,000</u> | <u>28,794</u> | <u>20,794</u> |
| Total revenues | <u>228,560</u> | <u>228,560</u> | <u>278,643</u> | <u>50,083</u> |
| EXPENDITURES: | | | | |
| Surveyor | <u>175,066</u> | <u>175,066</u> | <u>150,460</u> | <u>24,606</u> |
| Excess of revenues over expenditures | <u>53,494</u> | <u>53,494</u> | <u>128,183</u> | <u>74,689</u> |
| Net change in fund balances | 53,494 | 53,494 | 128,183 | (74,689) |
| Fund Balance: | | | | |
| Beginning of year | <u>483,602</u> | <u>483,602</u> | <u>643,449</u> | <u>159,847</u> |
| End of year | <u>\$ 537,096</u> | <u>\$ 537,096</u> | 771,632 | <u>\$ (234,536)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>4,363</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 775,995</u> | |

YAMHILL COUNTY, OREGON

SYSTEMS DEVELOPMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Charges for services | \$ 44,280 | \$ 44,280 | \$ 56,463 | \$ 12,183 |
| Investment earnings | <u>2,400</u> | <u>2,400</u> | <u>4,380</u> | <u>1,980</u> |
| Total revenues | <u>46,680</u> | <u>46,680</u> | <u>60,843</u> | <u>14,163</u> |
| EXPENDITURES: | | | | |
| Materials and services | 30,980 | 30,980 | 25,747 | 5,233 |
| Capital outlay | <u>94,000</u> | <u>94,000</u> | <u>33,396</u> | <u>60,604</u> |
| Total expenditures | <u>124,980</u> | <u>124,980</u> | <u>59,143</u> | <u>65,837</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(78,300)</u> | <u>(78,300)</u> | <u>1,700</u> | <u>80,000</u> |
| Net change in fund balances | 78,300 | (78,300) | 1,700 | 80,000 |
| Fund Balance: | | | | |
| Beginning of year | <u>78,300</u> | <u>78,300</u> | <u>68,289</u> | <u>(10,011)</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 69,989</u> | <u>\$ 69,989</u> |

YAMHILL COUNTY, OREGON

TITLE III FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 245,000 | \$ 245,000 | \$ 243,229 | \$ (1,771) |
| Investment earnings | <u>2,500</u> | <u>2,500</u> | <u>8,354</u> | <u>5,854</u> |
| Total revenues | <u>247,500</u> | <u>247,500</u> | <u>251,583</u> | <u>4,083</u> |
| EXPENDITURES: | | | | |
| Materials and services | 242,500 | 242,500 | 183,448 | 59,052 |
| Capital outlay | <u>15,000</u> | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| Total expenditures | <u>257,500</u> | <u>257,500</u> | <u>183,448</u> | <u>74,052</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(10,000)</u> | <u>(10,000)</u> | <u>68,135</u> | <u>78,135</u> |
| Net change in fund balances | (10,000) | (10,000) | 68,135 | 78,135 |
| Fund Balance: | | | | |
| Beginning of year | <u>10,000</u> | <u>10,000</u> | <u>35,767</u> | <u>25,767</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 103,902</u> | <u>\$ 103,902</u> |

YAMHILL COUNTY, OREGON

COMMUNICATIONS LEVY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Charges for services | \$ 50,716 | \$ 50,716 | \$ 55,000 | \$ 4,284 |
| Investment earnings | - | - | 2,338 | 2,338 |
| Other revenue | - | - | 41,392 | 41,392 |
| Total revenues | <u>50,716</u> | <u>50,716</u> | <u>98,730</u> | <u>48,014</u> |
| EXPENDITURES: | | | | |
| Materials and services | <u>50,716</u> | <u>50,716</u> | <u>6,064</u> | <u>44,652</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>92,666</u> | <u>92,666</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Net change in fund balance | - | - | 92,666 | 92,666 |
| Fund Balance: | | | | |
| Beginning of year | <u>-</u> | <u>-</u> | <u>(79,010)</u> | <u>(79,010)</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,656</u> | <u>\$ 13,656</u> |

YAMHILL COUNTY, OREGON

COURT SECURITY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Fines and penalties | \$ 50,000 | \$ 50,000 | \$ 67,345 | \$ 17,345 |
| Investment earnings | 500 | 500 | 429 | (71) |
| Total revenues | <u>50,500</u> | <u>50,500</u> | <u>67,774</u> | <u>17,274</u> |
| EXPENDITURES: | | | | |
| Court security | <u>105,017</u> | <u>105,017</u> | <u>94,493</u> | <u>10,524</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(54,517)</u> | <u>(54,517)</u> | <u>(26,719)</u> | <u>27,798</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | <u>39,517</u> | <u>39,517</u> | <u>39,517</u> | <u>-</u> |
| Net change in fund balance | <u>(15,000)</u> | <u>(15,000)</u> | <u>12,798</u> | <u>27,798</u> |
| Fund Balance: | | | | |
| Beginning of year | <u>15,000</u> | <u>15,000</u> | <u>22,921</u> | <u>7,921</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>35,719</u> | <u>\$ 35,719</u> |
| Reconciliation to GAAP Basis: | | | | |
| Compensated absences | | | <u>3,729</u> | |
| GAAP Fund Balance - end of year | | | <u>\$ 39,448</u> | |

YAMHILL COUNTY, OREGON
YAMHILL EMERGENCY COMMUNICATIONS DISTRICT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 25,000 | \$ 25,000 | \$ 24,551 | \$ (449) |
| Investment earnings | <u>2,000</u> | <u>2,000</u> | <u>4,417</u> | <u>2,417</u> |
| Total revenues | <u>27,000</u> | <u>27,000</u> | <u>28,968</u> | <u>1,968</u> |
| EXPENDITURES: | | | | |
| Materials and services | <u>202,839</u> | <u>202,839</u> | <u>202,839</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(175,839)</u> | <u>(175,839)</u> | <u>(173,871)</u> | <u>1,968</u> |
| Net change in fund balances | (175,839) | (175,839) | (173,871) | 1,968 |
| Fund Balance: | | | | |
| Beginning of year | <u>180,000</u> | <u>180,000</u> | <u>200,100</u> | <u>20,100</u> |
| End of year | <u>\$ 4,161</u> | <u>\$ 4,161</u> | <u>\$ 26,229</u> | <u>\$ 22,068</u> |

YAMHILL COUNTY, OREGON
EXTENSION SERVICE DISTRICT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 241,739 | \$ 241,739 | \$ 243,457 | \$ 1,718 |
| Investment earnings | <u>3,500</u> | <u>3,500</u> | <u>4,010</u> | <u>510</u> |
| Total revenues | <u>245,239</u> | <u>245,239</u> | <u>247,467</u> | <u>2,228</u> |
| EXPENDITURES: | | | | |
| Materials and services | 249,710 | 249,710 | 249,800 | (90) |
| Contingency | <u>15,000</u> | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| Total expenditures | <u>264,710</u> | <u>264,710</u> | <u>249,800</u> | <u>14,910</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(19,471)</u> | <u>(19,471)</u> | <u>(2,333)</u> | <u>17,138</u> |
| Net change in fund balances | (19,471) | (19,471) | (2,333) | 17,138 |
| Fund Balance: | | | | |
| Beginning of year | <u>74,946</u> | <u>74,946</u> | <u>37,460</u> | <u>(37,486)</u> |
| End of year | <u>\$ 55,475</u> | <u>\$ 55,475</u> | <u>\$ 35,127</u> | <u>\$ (20,348)</u> |

CAPITAL PROJECT FUNDS

YAMHILL COUNTY, OREGON

Combining Balance Sheet

Nonmajor Capital Project Funds

June 30, 2007

| | Bicycle & Footpath Fund | Motor Vehicles Replacement Fund | Total |
|-------------------------------------|-------------------------------|--|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 328,389 | \$ 1,062,936 | \$ 1,391,325 |
| Receivables: | | | |
| Accounts | 4,679 | 53,206 | 57,885 |
| Total assets | <u>\$ 333,068</u> | <u>\$ 1,116,142</u> | <u>\$ 1,449,210</u> |
| FUND BALANCES | | | |
| Unreserved, undesignated | <u>\$ 333,068</u> | <u>\$ 1,116,142</u> | <u>\$ 1,449,210</u> |
| Total liabilities and fund balances | <u>\$ 333,068</u> | <u>\$ 1,116,142</u> | <u>\$ 1,449,210</u> |

YAMHILL COUNTY, OREGON
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
Nonmajor Capital Project Funds
For the Year Ended June 30, 2007

| | Bicycle & Footpath Fund | Motor Vehicles Replacement Fund | Total |
|--|-------------------------------|--|---------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 42,860 | \$ - | \$ 42,860 |
| Charges for services | - | 336,560 | 336,560 |
| Investment earnings | 15,133 | 44,497 | 59,630 |
| Other revenue | - | 18,250 | 18,250 |
| Total revenues | <u>57,993</u> | <u>399,307</u> | <u>457,300</u> |
| EXPENDITURES | | | |
| General government | - | 117,079 | 117,079 |
| Public safety | 1,285 | - | 1,285 |
| Total expenditures | <u>1,285</u> | <u>117,079</u> | <u>118,364</u> |
| Excess of revenues over (under) expenditures | <u>56,708</u> | <u>282,228</u> | <u>338,936</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | - | - | - |
| Net change in fund balance | 56,708 | 282,228 | 338,936 |
| Fund balance - beginning | <u>276,360</u> | <u>833,914</u> | <u>1,110,274</u> |
| Fund balance - ending | <u>\$ 333,068</u> | <u>\$ 1,116,142</u> | <u>\$ 1,449,210</u> |

YAMHILL COUNTY, OREGON

BICYCLE AND FOOTPATH FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 43,000 | \$ 43,000 | \$ 42,860 | \$ (140) |
| Investment earnings | <u>7,500</u> | <u>7,500</u> | <u>15,133</u> | <u>7,633</u> |
| Total revenues | <u>50,500</u> | <u>50,500</u> | <u>57,993</u> | <u>7,493</u> |
| EXPENDITURES: | | | | |
| Materials and services | <u>321,869</u> | <u>321,869</u> | <u>1,285</u> | <u>320,584</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(271,369)</u> | <u>(271,369)</u> | <u>56,708</u> | <u>328,077</u> |
| Net change in fund balances | (271,369) | (271,369) | 56,708 | 328,077 |
| Fund Balance: | | | | |
| Beginning of year | <u>271,369</u> | <u>271,369</u> | <u>276,360</u> | <u>4,991</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 333,068</u> | <u>\$ 333,068</u> |

YAMHILL COUNTY, OREGON
MOTOR VEHICLE REPLACEMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Charges for services | \$ 232,620 | \$ 232,620 | \$ 336,560 | \$ 103,940 |
| Investment earnings | 20,000 | 20,000 | 44,497 | 24,497 |
| Other revenue | <u>102,300</u> | <u>102,300</u> | <u>18,250</u> | <u>(84,050)</u> |
| Total revenues | <u>354,920</u> | <u>354,920</u> | <u>399,307</u> | <u>44,387</u> |
| EXPENDITURES: | | | | |
| Materials and services | 65,130 | 65,130 | 44,494 | 20,636 |
| Capital outlay | <u>937,624</u> | <u>937,624</u> | <u>72,585</u> | <u>865,039</u> |
| Total expenditures | <u>1,002,754</u> | <u>1,002,754</u> | <u>117,079</u> | <u>885,675</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(647,834)</u> | <u>(647,834)</u> | <u>282,228</u> | <u>930,062</u> |
| Net change in fund balances | (647,834) | (647,834) | 282,228 | 930,062 |
| Fund Balance: | | | | |
| Beginning of year | <u>896,789</u> | <u>896,789</u> | <u>833,914</u> | <u>(62,875)</u> |
| End of year | <u>\$ 248,955</u> | <u>\$ 248,955</u> | <u>\$ 1,116,142</u> | <u>\$ 867,187</u> |

ENTERPRISE FUND

YAMHILL COUNTY, OREGON
 Cove Orchard Sewer Service District Fund
 Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual
 For the Fiscal Year Ended June 30, 2007

| | Original Budget | Final Budget | Actual | Variance with Final Budget | Adjustment To GAAP Basis Actual | GAAP Basis |
|---|--------------------|-----------------|-----------|-------------------------------|---------------------------------------|---------------|
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ 50,000 | \$ 50,000 | \$ 46,963 | \$ (3,037) | \$ - | \$ 46,963 |
| OPERATING EXPENSES: | | | | | | |
| Personal services | 4,797 | 4,797 | 8,440 | (3,643) | - | 8,440 |
| Materials and services | 49,070 | 49,070 | 35,153 | 13,917 | - | 35,153 |
| Capital outlay | 6,000 | 6,000 | - | 6,000 | - | - |
| Contingency | 60,333 | 60,333 | - | 60,333 | - | - |
| Depreciation | - | - | - | - | 51,997 | 51,997 |
| Total operating expenses | 120,200 | 120,200 | 43,593 | 76,607 | 51,997 | 95,590 |
| Operating income (Loss) | (70,200) | (70,200) | 3,370 | 73,570 | (51,997) | (48,627) |
| NONOPERATING REVENUES: | | | | | | |
| Investment earnings | 2,000 | 2,000 | 5,151 | 3,151 | - | 5,151 |
| Change in fund balance / net assets | (68,200) | (68,200) | 8,521 | 76,721 | (51,997) | (43,476) |
| Fund balance / net assets - beginning of year | 68,200 | 68,200 | 88,566 | 20,366 | 279,292 | 367,858 |
| Fund balance / net assets - end of year | \$ - | \$ - | \$ 97,087 | \$ 97,087 | \$ 227,295 | \$ 324,382 |

INTERNAL SERVICE FUNDS

YAMHILL COUNTY, OREGON
Internal Service Funds
Combining Statement of Net Assets
June 30, 2007

| | Telecommunications Fund | Self-Insurance Fund | Total |
|---|----------------------------|------------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 286,726 | \$ 1,014,309 | \$ 1,301,035 |
| Accounts receivable | 48,590 | 18,389 | 66,979 |
| Due from other funds | - | 96,793 | 96,793 |
| Total current assets | <u>335,316</u> | <u>1,129,491</u> | <u>1,464,807</u> |
| Capital assets: | | | |
| Buildings and equipment | 219,851 | - | 219,851 |
| Less accumulated depreciation | <u>(206,514)</u> | <u>-</u> | <u>(206,514)</u> |
| Total capital assets (net of accumulated depreciation) | <u>13,337</u> | <u>-</u> | <u>13,337</u> |
| Total assets | <u>\$ 348,653</u> | <u>\$ 1,129,491</u> | <u>\$ 1,478,144</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ - | \$ 91,145 | \$ 91,145 |
| Payroll and related liabilities | 1,796 | - | 1,796 |
| Compensated absences | <u>5,881</u> | <u>-</u> | <u>5,881</u> |
| Total current liabilities | <u>7,677</u> | <u>91,145</u> | <u>98,822</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 13,337 | - | 13,337 |
| Unrestricted | <u>327,639</u> | <u>1,038,346</u> | <u>1,365,985</u> |
| Total net assets | <u>\$ 340,976</u> | <u>\$ 1,038,346</u> | <u>\$ 1,379,322</u> |

YAMHILL COUNTY, OREGON
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2007

| | Telecommunications Fund | Self-Insurance Fund | Total |
|--|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Operating revenues: | | | |
| Charges for services | \$ 429,555 | \$ 807,530 | \$ 1,237,085 |
| | <u> </u> | <u> </u> | <u> </u> |
| Operating expenses: | | | |
| Personal services | 119,322 | - | 119,322 |
| Materials and services | 203,910 | 1,272,347 | 1,476,257 |
| Depreciation | 2,667 | - | 2,667 |
| Total operating expenses | <u>325,899</u> | <u>1,272,347</u> | <u>1,598,246</u> |
| | | | |
| Total operating income (loss) | <u>103,656</u> | <u>(464,817)</u> | <u>(361,161)</u> |
| | | | |
| Nonoperating revenues (expenses) | | | |
| Intergovernmental revenue | - | 22,911 | 22,911 |
| Investment earnings | 12,710 | 42,546 | 55,256 |
| Transfers in | - | 298,047 | 298,047 |
| Total nonoperating revenues (expenses) | <u>12,710</u> | <u>363,504</u> | <u>376,214</u> |
| | | | |
| Change in net assets | 116,366 | (101,313) | 15,053 |
| | | | |
| Net assets - beginning, as restated (See Note IV, E) | <u>224,610</u> | <u>1,139,659</u> | <u>1,364,269</u> |
| | | | |
| Net assets - ending | <u>\$ 340,976</u> | <u>\$ 1,038,346</u> | <u>\$ 1,379,322</u> |

YAMHILL, COUNTY, OREGON
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2007

| | Telecommunications Fund | Self-Insurance Fund | Total |
|---|----------------------------|------------------------|---------------------|
| Cash flows from operating activities: | | | |
| Receipts from interfund services provided | \$ 391,956 | \$ 1,220,555 | \$ 1,612,511 |
| Payments to suppliers | (206,895) | (1,205,081) | (1,411,976) |
| Payments to employees | (119,862) | - | (119,862) |
| Net cash provided (used) by operating activities | <u>65,199</u> | <u>15,474</u> | <u>80,673</u> |
| Cash flows from noncapital financing activities: | | | |
| Intergovernmental | - | 22,911 | 22,911 |
| Transfer from other fund | - | 298,047 | 298,047 |
| Net cash provided (used) by noncapital financing activities | <u>-</u> | <u>320,958</u> | <u>320,958</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | <u>12,710</u> | <u>42,546</u> | <u>55,256</u> |
| Net increase (decrease) in cash and cash equivalents | 77,909 | 378,978 | 456,887 |
| Cash and cash equivalents - beginning of year | <u>208,817</u> | <u>635,331</u> | <u>844,148</u> |
| Cash and cash equivalents - end of year | <u>\$ 286,726</u> | <u>\$ 1,014,309</u> | <u>\$ 1,301,035</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ 103,656 | \$ (464,817) | \$ (361,161) |
| Depreciation | 2,667 | - | 2,667 |
| Change in accounts receivable | (37,599) | 413,025 | 375,426 |
| Change in accounts payable | (2,985) | 67,266 | 64,281 |
| Change in accrued payroll | (540) | - | (540) |
| Cash provided (used) by operating activities | <u>\$ 65,199</u> | <u>\$ 15,474</u> | <u>\$ 80,673</u> |

YAMHILL COUNTY, OREGON
 Telecommunications Fund
 Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual
 For the Year Ended June 30, 2007

| | Original Budget | Final Budget | Actual | Variance with Final Budget | Adjustment To GAAP Basis Actual | GAAP Basis Actual |
|--|--------------------|-----------------|------------|-------------------------------|---------------------------------------|-------------------------|
| REVENUES: | | | | | | |
| User fees | \$ 393,540 | \$ 393,540 | \$ 429,555 | \$ 36,015 | \$ - | \$ 429,555 |
| OPERATING EXPENSES: | | | | | | |
| Telecommunications | 424,604 | 424,604 | 323,232 | 101,372 | - | 323,232 |
| Depreciation | - | - | - | - | 2,667 | 2,667 |
| Total operating expenses | 424,604 | 424,604 | 323,232 | 101,372 | 2,667 | 325,899 |
| Operating income (loss) | (31,064) | (31,064) | 106,323 | 137,387 | (2,667) | 103,656 |
| NONOPERATING REVENUES (EXPENSES): | | | | | | |
| Investment earnings | 400 | 400 | 12,710 | 12,310 | - | 12,710 |
| Change in fund balance / net assets | (30,664) | (30,664) | 119,033 | 149,697 | (2,667) | 116,366 |
| Fund balance / net assets - beginning of year, as restated | 30,664 | 30,664 | 209,935 | | 14,675 | 224,610 |
| Fund balance / net assets - end of year | \$ - | \$ - | \$ 328,968 | \$ 149,697 | \$ 12,008 | \$ 340,976 |

YAMHILL COUNTY, OREGON

Self-Insurance Fund

Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual
For the Year Ended June 30, 2007

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with <u>Final Budget</u> |
|--|--------------------------|--------------------------|----------------------------|--------------------------------------|
| OPERATING REVENUES: | | | | |
| Insurance premiums | <u>\$ 689,500</u> | <u>\$ 689,500</u> | <u>\$ 807,530</u> | <u>\$ 118,030</u> |
| OPERATING EXPENSES: | | | | |
| Materials and services | 970,630 | 1,280,167 | 1,272,347 | 7,820 |
| Capital outlay | 10,000 | 10,000 | - | 10,000 |
| Contingency | 80,000 | - | - | - |
| Total operating expenses | <u>1,060,630</u> | <u>1,290,167</u> | <u>1,272,347</u> | <u>17,820</u> |
| Operating Income (Loss) | <u>(371,130)</u> | <u>(600,667)</u> | <u>(464,817)</u> | <u>135,850</u> |
| NONOPERATING REVENUES: | | | | |
| Intergovernmental revenue | - | - | 22,911 | 22,911 |
| Investment earnings | 12,000 | 12,000 | 42,546 | 30,546 |
| Transfer in | 68,510 | 298,047 | 298,047 | - |
| Total nonoperating revenues | <u>80,510</u> | <u>310,047</u> | <u>363,504</u> | <u>53,457</u> |
| Change in fund balance / net assets | <u>(290,620)</u> | <u>(290,620)</u> | <u>(101,313)</u> | <u>189,307</u> |
| Fund balance / net assets - beginning of year, as restated (See note IV, D) | <u>1,041,500</u> | <u>1,041,500</u> | <u>1,139,659</u> | <u>98,159</u> |
| Fund balance / net assets end of year | <u><u>\$ 750,880</u></u> | <u><u>\$ 750,880</u></u> | <u><u>\$ 1,038,346</u></u> | <u><u>\$ 287,466</u></u> |

AGENCY FUNDS

YAMHILL COUNTY, OREGON
Agency Funds
Combining Balance Sheet
June 30, 2007

| | Balance | | | Balance |
|---|---------------------|-----------------------|-----------------------|---------------------|
| | June 30, 2006 | Additions | Deductions | June 30, 2007 |
| Unsegregated Tax and Interest Fund | | | | |
| Assets | | | | |
| Cash and investments | \$ 3,852,927 | \$ 67,494,390 | \$ 69,670,332 | \$ 1,676,985 |
| Property taxes receivable | 3,818,518 | 77,422,934 | 77,563,956 | 3,677,496 |
| Total assets | <u>\$ 7,671,445</u> | <u>\$ 144,917,324</u> | <u>\$ 147,234,288</u> | <u>\$ 5,354,481</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$ 7,671,445</u> | <u>\$ 144,917,324</u> | <u>\$ 147,234,288</u> | <u>\$ 5,354,481</u> |
| Holding Trust Fund | | | | |
| Assets | | | | |
| Cash and investments | <u>\$ 222,540</u> | <u>\$ 281,896</u> | <u>\$ 169,959</u> | <u>\$ 334,477</u> |
| Liabilities | | | | |
| Amounts held in trust | <u>\$ 222,540</u> | <u>\$ 281,896</u> | <u>\$ 169,959</u> | <u>\$ 334,477</u> |
| Assessment & Mapping Fund | | | | |
| Assets | | | | |
| Cash and investments | <u>\$ 1,890</u> | <u>\$ 576,494</u> | <u>\$ 419,765</u> | <u>\$ 158,619</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$ 1,890</u> | <u>\$ 576,494</u> | <u>\$ 419,765</u> | <u>\$ 158,619</u> |
| Total - All Agency Funds | | | | |
| Assets | | | | |
| Cash and investments | \$ 4,077,357 | \$ 68,352,780 | \$ 70,260,056 | \$ 2,170,081 |
| Property taxes receivable | 3,818,518 | 77,422,934 | 77,563,956 | 3,677,496 |
| Total assets | <u>\$ 7,895,875</u> | <u>\$ 145,775,714</u> | <u>\$ 147,824,012</u> | <u>\$ 5,847,577</u> |
| Liabilities | | | | |
| Due to other governments | \$ 7,673,335 | \$ 145,493,818 | \$ 147,654,053 | \$ 5,513,100 |
| Amounts held in trust | <u>222,540</u> | <u>281,896</u> | <u>169,959</u> | <u>334,477</u> |
| Total liabilities | <u>\$ 7,895,875</u> | <u>\$ 145,775,714</u> | <u>\$ 147,824,012</u> | <u>\$ 5,847,577</u> |

OTHER FINANCIAL SCHEDULE

YAMHILL COUNTY, OREGON
SCHEDULE OF CASH ON HAND AND CASH TRANSACTIONS OF INDEPENDENTLY ELECTED OFFICIALS
For the Year Ended June 30, 2007

| Official | Total Cash and Cash Equivalents | Cash | | | Total Cash and Cash Equivalents | Classification of Cash and Cash Equivalents at June 30, 2007 | | | | |
|-------------------|---------------------------------------|-----------------------|------------------------------|------------------------|---------------------------------------|--|----------------------|------------------------------|-------------------------------------|----------------------|
| | June 30, 2006 | Cash Receipts | Disbursements and Refunds | Turned to Treasurer | June 30, 2007 | Cash on Hand | Checking | Unsegregated Tax Accounts | Local Government Investment Pool | Total |
| Assessor | \$ 350 | \$ 14,625 | \$ - | \$ 14,625 | \$ 350 | \$ 350 | \$ - | \$ - | \$ - | \$ 350 |
| Clerk | 1,100 | 1,492,459 | - | 1,492,459 | 1,100 | 1,300 | - | - | - | 1,300 |
| Commissioners | 3,175 | 34,320,128 | - | 34,318,703 | 4,600 | 4,600 | - | - | - | 4,600 |
| District Attorney | 1,000 | 452,064 | - | 452,064 | 1,000 | 1,000 | - | - | - | 1,000 |
| Sheriff | 1,010 | 1,975,706 | - | 1,975,706 | 1,010 | 1,010 | - | - | - | 1,010 |
| Surveyor | 100 | 104,685 | - | 104,685 | 100 | 100 | - | - | - | 100 |
| Treasurer | 28,764,176 | 79,778,118 | 81,765,191 | - | 26,777,103 | 600 | 13,870,969 | 2,170,081 | 10,735,253 | 26,776,903 |
| | <u>\$ 28,770,911</u> | <u>\$ 118,137,785</u> | <u>\$ 81,765,191</u> | <u>\$ 38,358,242</u> | <u>\$ 26,785,263</u> | <u>\$ 8,960</u> | <u>\$ 13,870,969</u> | <u>\$ 2,170,081</u> | <u>\$ 10,735,253</u> | <u>\$ 26,785,263</u> |

YAMHILL COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

| TAX YEAR | PROPERTY TAXES RECEIVABLE JULY 1, 2006 | ADD LEVY AS EXTENDED BY ASSESSOR | ADD (DEDUCT) CORRECTIONS ADJUSTMENTS | DEDUCT CASH COLLECTIONS | DEDUCT DISCOUNTS ALLOWED | PROPERTY TAXES RECEIVABLE JUNE 30, 2007 |
|----------|---|--|---|-------------------------------|--------------------------------|--|
| 2006-07 | \$ - | \$ 80,425,404 | \$ (1,503,433) | \$ (74,479,808) | \$ (1,964,549) | \$ 2,477,614 |
| 2005-06 | 2,673,292 | - | (1,443,033) | (312,890) | - | 917,369 |
| 2004-05 | 911,830 | - | (7,541) | (420,149) | - | 484,140 |
| 2003-04 | 521,051 | - | (7,824) | (278,029) | - | 235,198 |
| 2002-03 | 238,900 | - | (8,158) | (150,667) | - | 80,075 |
| 2001-02 | 80,792 | - | (14,508) | (14,673) | - | 51,611 |
| 2000-01 | 61,253 | - | (4,846) | (10,292) | - | 46,115 |
| Prior | 206,199 | - | (13,126) | (13,720) | - | 179,353 |
| Subtotal | 4,693,317 | - | (1,499,036) | (1,200,420) | - | 1,993,861 |
| TOTAL | <u>\$ 4,693,317</u> | <u>\$ 80,425,404</u> | <u>\$ (3,002,469)</u> | <u>\$ (75,680,228)</u> | <u>\$ (1,964,549)</u> | <u>\$ 4,471,475</u> |

TAXES RECEIVABLE CLASSIFIED BY FUND

| | |
|--|---------------------|
| GENERAL FUND | \$ 761,995 |
| CAPITAL IMPROVEMENT FUND | 5,046 |
| EXTENSION SERVICE DISTRICT | 12,719 |
| YAMHILL EMERGENCY COMMUNICATIONS DISTRICT FUND | 14,220 |
| AGENCY FUND | <u>3,677,495</u> |
| TOTAL | <u>\$ 4,471,475</u> |

NOTE: THIS SCHEDULE INCLUDES TRANSACTIONS OF THE COUNTY AND ALL OTHER TAXING DISTRICTS FOR WHICH THE COUNTY ACTS AS AN AGENT.

COMPLIANCE SECTION

**COMMENTS AND DISCLOSURES OF INDEPENDENT
AUDITORS' REQUIRED BY STATE STATUTE**

To the County Commissioners
Yamhill County, Oregon

We have audited the financial statements and schedules of Yamhill County, Oregon as of and for the year ended June 30, 2007, and have issued our report thereon dated January 22, 2008. We conducted our audit in accordance with Generally Accepted Auditing Standards and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and *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.

Compliance with laws, regulations, contracts and grants applicable to Yamhill County, Oregon is the responsibility of the County's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Certain areas covered, as required by Oregon Administrative Rules 162-10-230 through 162-10-320, included but were not limited to the following:

Accounting and Internal Control Structure - Our report on the accounting and internal control structure is presented separately under this cover.

Programs Funded from Outside Sources - Reports related to such programs are presented separately under this cover.

Financial Reporting Requirements - Whether financial reports and related data filed with other governmental agencies in conjunction with programs funded wholly or partially by such agencies were in agreement with or supported by the accounting records.

Compliance with Legal or Other Requirements -

Collateral - Pertaining to the amount and adequacy of collateral pledged by depositories to secure the deposit of public funds (see requirements for public fund deposits as specified in Oregon Revised Statutes (ORS) 295).

Indebtedness - Relating to debt and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and compliance with provisions of indentures or agreements, including restrictions on the use of monies available to retire indebtedness.

Budget - Relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year (see ORS 294.305 to 294.565).

Taxes on Motor Vehicle Use and Fuel and the use of a Road Fund - Pertaining to (as contained in Article IX, Section 3a of the Oregon constitution) the use of revenue from taxes on motor vehicle use and fuel and the use of a road fund (as contained in ORS 294 and 373).

Insurance - Relating to insurance and fidelity bond coverage.

Investments - Pertaining to the investment of public funds (see ORS Chapter 294.035 to 294.046).

Public Contracts and Purchasing - Pertaining to (as contained in ORS Chapter 279) the awarding of public contracts and the construction of public improvements.

The results of our tests indicate that with respect to the items tested, Yamhill County, Oregon complied, in all material respects, with the provisions referred to above except for the following:

1. Overexpended appropriations as noted in Note II. B of the County's financial statements.
2. Ending fund balance deficit as noted in Note II. C of the County's financial statements.

This report is intended for the information of the County Commissioners, federal awarding agencies and the Secretary of State, Division of Audits, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

ISLER CPA

by: 
Paul Nielson, CPA, a member of the firm

Eugene, Oregon
January 22, 2008

**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**

County Commissioners
Yamhill County, 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, Oregon (County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine 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.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yamhill 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*.

We noted certain other matters that we reported to management of the County's in a separate letter dated January 22, 2008.

This report is intended solely for the information and use of management, others within the organization, County Commissioners, 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.

ISLER CPA

by: Paul R Nielson
Paul Nielson, CPA, a member of the firm
Eugene, Oregon
January 22, 2008

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

County Commissioners
Yamhill County, Oregon

Compliance

We have audited the compliance of Yamhill County, Oregon, (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, 2007. Yamhill County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Yamhill County's management. Our responsibility is to express an opinion on Yamhill 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 of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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 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.

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 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, others within the organization, County Commissioners, 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.

ISLER CPA

by: 
Paul Nielson, CPA, a member of the firm

Eugene, Oregon
January 22, 2008

YAMHILL COUNTY, OREGON
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

I. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Yamhill County.
2. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Yamhill County were disclosed during the audit.
4. No reportable conditions in internal controls over major programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award program expresses an unqualified opinion.
6. The audit did not disclose any findings that are required to be reported.
7. The programs tested as a major program:
 - i. Department of Transportation – Formula Grants for Other than Urbanized Areas CFDA 20.509
 - ii. Department of Transportation – Capital Assistance Program for Elderly Persons with Disabilities CFDA 20.513
 - iii. Department of Housing and Urban Development – Community Development Block Grant/State's Program CFDA 14.228
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The County was determined to be a low-risk auditee.

II. FINANCIAL STATEMENT FINDINGS

No findings related to the financial statement.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reported.

YAMHILL COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

| | <u>CFDA</u> | <u>Federal Expenditures</u> |
|--|-------------|---------------------------------|
| Department of Agriculture | | |
| Direct: | | |
| School Breakfast Program (USDA Food Program) | 10.553 | \$ 21,696 |
| Pass Through Oregon Department of Administrative Services | | |
| Schools and Roads - Grants to States | 10.665 | 785,657 |
| | | <u>807,353</u> |
| Department of Environmental Protection | | |
| Direct: | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | 23,794 |
| Pass Through State of Oregon | | |
| State Public Water System Supervision | 66.432 | 7,000 |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | 13,900 |
| | | <u>44,694</u> |
| Department of Interior | | |
| Direct: | | |
| Distribution of Receipts to State and Local Governments (O&C Lands) | 15.227 | 835,867 |
| Department of Justice | | |
| Direct: | | |
| Bynre Grant | 16.579 | 112,280 |
| Pass Through State of Oregon | | |
| Title II Formula Grant Program Waiting for name of grant from Lisa | 16.540 | 46,997 |
| Juvenile Accountability Incentive Block Grants | 16.523 | 10,000 |
| Crime Victim Assistance (VOCA) | 16.575 | 16,342 |
| Enforcing Underage Drinking Laws Program | 16.727 | 13,854 |
| | | <u>199,473</u> |
| Department of Transportation | | |
| Pass Through Oregon State Department of Transportation | | |
| Job Access Reverse Commute | 20.516 | 28,992 |
| Formula Grants for Other Than Urbanized Areas | 20.509 | 405,316 |
| Capital Assistance Program for Elderly persons and Persons with Disabilities | 20.513 | 346,291 |
| | | <u>780,599</u> |
| Department of Housing and Urban Development | | |
| Pass Through Housing and Community Services | | |
| Community Development Block Grant/State's Program | 14.228 | 714,057 |
| Department of Education | | |
| Pass through Oregon Department of Health and Human Services: | | |
| Safe and Drug-Free Schools and Communities-State Grants | 84.186 | 50,000 |
| Department of Health and Human Services: | | |
| Direct: | | |
| Drug Free Communities | 93.276 | 87,227 |
| Rural Methamphetamine Treatment Expansion | 93.243 | 271,322 |
| Pass Through State of Oregon | | |
| Medical Reserve Corps | 93.008 | 10,000 |
| Immunization Grant - Vaccine | 93.268 | 225,785 |
| Promoting Safe and Stable Families | 93.556 | 60,541 |
| Child Care and Development Block Grant | 93.575 | 61,193 |
| Child Support Enforcement | 93.563 | 272,928 |
| Temporary Assistance for Needy Families | 93.558 | 67,226 |
| Abstinence Education Program | 93.235 | 4,486 |

YAMHILL COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

| | CFDA | Federal Expenditures |
|--|-------------|---------------------------------|
| Department of Health and Human Services: | | |
| Pass Through State of Oregon, continued | | |
| Centers for Disease Control and Prevention-Investigations and Technical Assistance | 93.283 | 216,682 |
| Medical Assistance Program | 93.778 | 13,787 |
| Block Grants for Community Mental Health Services | 93.958 | 101,483 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 246,712 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 62,058 |
| Social Services Block Grant | 93.667 | 168,541 |
| | | 1,869,971 |
| Social Security Administration | | |
| Direct: | | |
| Social Security-Benefits Planning, Assistance, and Outreach Program | 96.008 | 8,200 |
| Department Of Homeland Security | | |
| Pass Through State of Oregon | | |
| Law s Enforcement Terrorism Prevention Program | 97.074 | 139,016 |
| Emergency Management Performance Grants (FEMA/OEM) | 97.042 | 30,000 |
| State Homeland Security Program | 97.073 | 87,803 |
| | | 256,819 |
| Total | | \$ 5,567,033 |

Note1- Basis of Presentation

The above schedule of expenditures of Federal Awards is presented on the accrual basis of accounting and represents the federal financial assistance activity of Yamhill County. The information in this schedule was prepared in accordance with the requirements of OMB Circular A-133, and therefore some amounts presented in this schedule may differ from the amounts used in the preparation and presentation of the basic financial statements.