

MORROW COUNTY, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2011

MORROW COUNTY, OREGON

List of Officials
June 30, 2011

COMMISSIONERS:

Terry A. Tallman

Leann Rea

Ken Grieb

TITLE:

County Judge

Commissioner

Commissioner

OTHER ELECTED OFFICIALS:

Gregory Sweek

Bobbi Childers

Ken Matlack

Gayle Gutierrez

Ann Spicer

Judd Coppock

Assessor

Clerk

Sheriff

Treasurer

Justice of the Peace

Surveyor

FINANCE DEPARTMENT:

Rick Worden

Finance Director

ADDRESS:

Courthouse

P. O. Box 867

Heppner, OR 97836

Telephone: 541-676-9061

MORROW COUNTY, OREGON

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Independent Auditors' Report

County Commissioners
Morrow County
Heppner, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Morrow County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

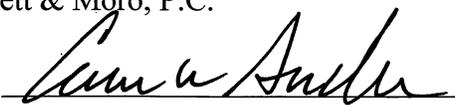
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon as of June 30, 2011, the respective changes in financial position, and the respective budgetary comparison for the General Fund, General Road Fund, Emergency Management Fund, and Finley Buttes Road 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 December 14, 2011 on our consideration of Morrow County, Oregon's internal control over financial reporting and 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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 8 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morrow County, Oregon's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements, other schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Barnett & Moro, P.C.

By: 
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORROW COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Morrow County, Oregon, we offer readers of the county's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Morrow County's assets exceeded its liabilities at June 30, 2011, by \$102,164,134 (Net Assets). Of this amount, \$2,476,902 may be used to meet the County's ongoing obligations to citizens and creditors.
- The total net assets decreased by \$4,000,747 for fiscal year ended June 30, 2011. This amount was all due to the decrease in governmental activities net assets. The County had no business-type activities in fiscal year 2011 due to the dissolution of business-type activities in fiscal year 2008.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$5,193,684, a decrease of \$634,430 in comparison to the prior year. Approximately \$4,052,907 is restricted or committed for purposes designated by special revenue or reserve funds, and \$1,105,196 is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,105,196 or 15.7 % of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Morrow County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 overview of the County's finances, in a manner similar to a private-sector business. These statements include:

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

The Statement of Activities presents information showing how the 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 vacation leave).

MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund Financial Statements. The fund financial statements provide more detailed information about the County's funds, focusing on its most significant or "major" funds—not the county as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. The 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 financing 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 the governmental fund statement of revenues, expenditures and changes in fund balances are reconciled to the government-wide Statements of Net Assets and Activities.

The County maintains 44 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, General Road, Finley Buttes Road Fund and CSEPP Emergency Fund which are considered to be major governmental funds. Data from the remaining 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 the report.

MORROW COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

The County adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary Funds. The County does not maintain any proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County does not have any enterprise funds in fiscal year 2011. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support county programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 30 of this report.

Notes to Basic 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 basic financial statements can be found on pages 31 through 49 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplemental Information beginning on page 50 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. The County's assets exceeded liabilities by \$102 million at June 30, 2011.

Capital assets, which consist of the county's land, buildings, improvements, machinery and equipment, and infrastructure, less any related debt to acquire those assets that is still outstanding, represent about 91 percent of total assets. The remaining assets consist mainly of investments, cash, and grant and property taxes receivable.

The County's liabilities consist primarily of payables on accounts, salaries and benefits (84.8 percent), and capital leases payable (15.2 percent). Current liabilities, not including current portions of long-term debts, represents about 85 percent of the county's total liabilities, and consists almost entirely of payables on accounts, salaries and benefits.

**MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Of the County's net assets, its investment in capital assets (e.g. land, buildings, vehicles and equipment, and infrastructure) is substantially more than the related debt still outstanding used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Morrow County's Net Assets
Governmental Activities
(in thousands)

	June 30, 2011	June 30, 2010
Current and other assets	\$ 7,057	\$ 6,743
Capital assets	<u>97,481</u>	<u>100,785</u>
Total assets	<u>104,538</u>	<u>107,528</u>
Current liabilities	2,050	1,059
Long-term debt	<u>324</u>	<u>304</u>
Total liabilities	<u>2,374</u>	<u>1,363</u>
Net assets:		
Invested in capital assets, net of related debt	97,121	100,455
Restricted	2,566	563
Unrestricted	<u>2,477</u>	<u>5,147</u>
Total net assets	<u>\$ 102,164</u>	<u>\$ 106,165</u>

During the current fiscal year, the County's net assets decreased by \$4,000,747. This was due to the decrease in net assets from Governmental activities. The primary decrease was due to expending \$1,134,364 for capital assets while the current year depreciation was \$4,438,839. This resulted in reducing net assets by \$3,304,475 during the year.

Governmental Activities. During the current fiscal year, the County's net assets decreased by \$4,001 thousand, compared to a \$3,963 thousand decrease in the prior year.

**MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

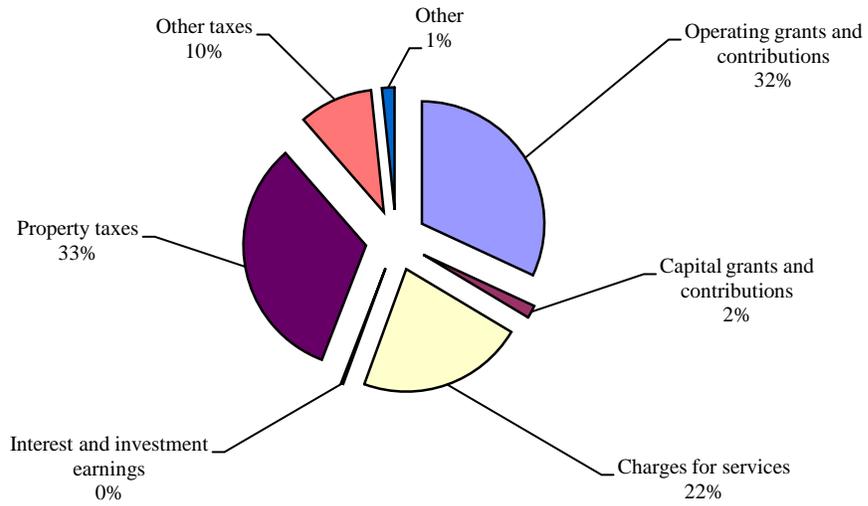
Morrow County Changes in Net Assets-Governmental Activities

	2010-2011	2009-2010
Revenues		
Program revenues		
Charges for services	\$ 3,594,149	\$ 2,930,546
Operating grants and contributions	5,214,513	4,893,802
Capital grants and contributions	276,197	500,000
General revenues		
Property taxes	5,351,647	5,239,440
Payments in lieu of taxes	686,687	708,417
State shared taxes	905,752	1,018,016
Interest and investment earnings	48,619	35,045
Other revenues, net	<u>270,216</u>	<u>216,530</u>
Total revenues	<u>16,347,780</u>	<u>15,541,796</u>
Expenses		
General government	3,712,197	3,884,137
Public safety	7,771,878	7,013,609
Highways and streets	7,192,570	7,005,771
Cultural and recreation	645,026	664,382
Education	191,205	199,350
Health	829,446	731,125
Interest on long-term debt	<u>6,205</u>	<u>6,374</u>
Total expenses	<u>20,348,527</u>	<u>19,504,748</u>
Decrease in net assets before transfer	(4,000,747)	(3,962,952)
Transfers	-	-
Change in net assets	(4,000,747)	(3,962,952)
Beginning net assets	<u>106,164,881</u>	<u>110,127,833</u>
Ending net assets	<u>\$102,164,134</u>	<u>\$106,164,881</u>

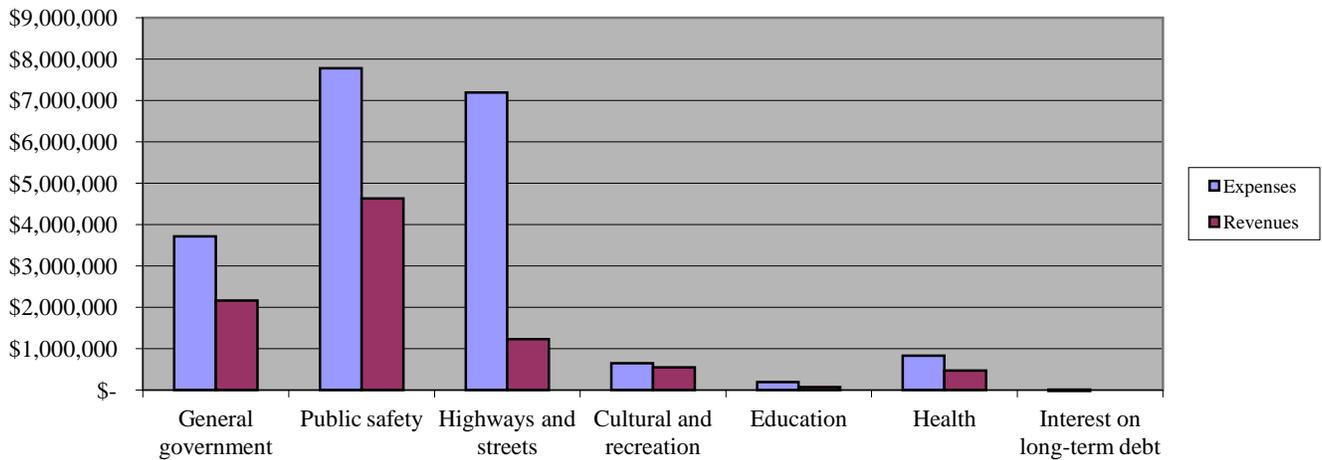
The following graphs show the County's Governmental Activity revenues by source; and expenses and program revenues by functions.

**MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



**MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities. The County had no Business-type activities in fiscal year 2011. The County dissolved its Business-type activities on July 1, 2007. The entire Behavioral Health Fund was dissolved and all the functions of the County's program were carried on by a private not-for-profit organization.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$5,193,684, a decrease of \$634,430 in comparison with the prior year. Approximately 21.3% or \$1,105,196 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. 4,052,907 or 78% is restricted or committed to purposes designated by special revenue or reserve funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid items which will not provide spendable resources.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,105,196 and the total fund balance was \$1,135,341. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund decreased by \$103,159 during the fiscal year ended June 30, 2011. The primary factor in this decrease was that expenditures during 2011-2012 increased by \$325 thousand over the prior year. The budgeted increase for the fund balance in 2011-2012 is \$174,000. This is an area of concern due to the projected reduction of the General Fund reserves over the next few years.

Budgetary Highlights

Differences between the original budget and the final amended budget were primarily due to the mid-year supplemental and specific purpose increases. The changes were made to recognize additional resources available from higher actual beginning fund balances and from new grants and fees received. The budget increases resulted in increasing appropriations in the following areas:

MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The General Fund budget for the Sheriff Department was increased for Materials Services and Capital Outlay by \$56,774 from the receipt of additional grant funds and fees.
- The General Fund budget for the Health Department was increased by \$74,124 due to additional grants and fee revenues.
- The General Fund budget for the Planning Department budget was increased by \$21,625 due to the receipt of fee revenue.
- The General Fund budget for the Juvenile Department was increased in the amount of \$6,000 from the receipt of additional grants and fee revenue.
- The General Fund Non-Departmental budget was increased by \$26,500 due to the receipt of additional grants and fee revenues.
- The Road Fund Road Department budget was increased by \$331,000 from the receipt of additional grant funds.
- The Heritage Trail Fund Materials and Services budget was increased due to additional grant funds received.
- The 911 Emergency Fund Capital Outlay Budget was increased by \$34,838 due to the receipt of additional grant funds.
- The CSEPP budget for Materials and Services was increased by \$420,000 as a result of increased grant funds.
- The budget for Other Requirements in the Finley Buttes License Fee Fund was increased by \$322,000 due to increased fees.
- The Building Permit Fund Materials and Services budget was increased by \$23,210 from the receipt of additional fee revenue.
- The Park Fund budget for the ATV Department was increased by \$23,210 as a result of increased fee revenues received.

Capital Projects and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$97,480,745 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, vehicles, and campsites and trails.

Major capital asset purchases during the current fiscal year were made by the General Fund, 911 Fund, Road Fund, Airport Fund, and Park Fund which included the following:

- Audio Visual Equipment for Sheriff Department \$13,790.
- Sheriff Department vehicles of \$109,078.
- Courthouse Windows \$124,721.
- Health Department Vehicle \$19,353.
- Assessor's Orcats Software \$65,000
- NEC Phone System \$49,682.
- 911 Center Quantar Radio 23,785.
- Cat Excavator \$33,000.
- Airport Runway Renovation \$139,419
- OHV Park Restrooms \$148,555

**MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Additional information on the County's capital assets can be found in note 4 on page 40 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$359,317. This was all in the form of long-term capital lease obligations. The County's total debt increased by \$28,555 during the current fiscal year.

Additional information on the County's long-term debt can be found in note 5 on page 41 of this report.

Key Economic Factors and Budget Information

- The most significant economic factor for the County has been the limited amount of property development in the County, while utility properties continue to be depreciated. This results in a flat or slightly declining property tax revenue forecast over the next few years. Property tax revenue provides about 33% of the County's resources for governmental activities. Development of a lumber sawmills and kilns; and an ethanol plant have started at the north end of the County. Portland General Electric is developing plans for a gas fired electricity plant that would replace the coal fired plant that is currently operating in the Boardman area. The coal fired plant is scheduled to be shut down by 2020 or sooner. The new plant would be an investment of \$300-400 million. Construction could be started next year. Other projects being planned in the north end of the County would invest from \$16 to \$70 million each. Each of these projects would add some additional employment and related economic development in the County.
- The overall grant revenue outlook is relatively flat or slightly decreased due to state budget uncertainty and the overall economy.
- It is anticipated that the costs of providing cost of living wage increases to be 2.5%, and medical & dental insurance coverage to employees will continue to rise, by approximately 9-11% in the next fiscal year.
- The County's Retirement Plan must continue to be "equal to or better" than the PERS plan to remain in effect. The Plan was tested in 2009-2010 and passed the "equal to or better" standard. Retirement Plan contributions by the County will be at 13.1% for the 2011-2012 fiscal year. The contribution rate for 2012-2013 will probably decrease substantially due to investment gains in 2010-2011.
- A transfer of \$856,000 from the Finley Buttes License Fee Fund to the General Fund is included in the 2011-2012 budget to cover higher Personal Service and Capital Outlay Costs of the County plus reductions in resources other than property taxes.

All of these factors were considered in preparing the County's budget for fiscal year 2011-2012.

**MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$1,135,341. Of this amount, \$922,913 will not be available for program resources in fiscal year 2011-2012.

Requests for Information:

This financial report is designed to provide a general overview of Morrow County's finances for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

Morrow County Finance, PO Box 867, Heppner, OR 97836

BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OREGON

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and investments	\$ 5,173,014
Receivables (net of allowance for uncollectibles):	
Property taxes	215,087
Other receivables	1,639,596
Prepaid expenses	30,145
Capital assets:	
Land	2,046,523
Other capital assets (net of accumulated depreciation)	<u>95,434,222</u>
 Total assets	 <u>104,538,587</u>
<u>LIABILITIES:</u>	
Accounts payable	537,374
Accrued payroll and payroll taxes payable	105,061
Deferred revenues	1,011,045
Compensated absences	350,268
Due to other entities	11,388
Capital leases payable:	
Due within one year	35,491
Due in more than one year	<u>323,826</u>
 Total liabilities	 <u>2,374,453</u>
<u>NET ASSETS:</u>	
Invested in capital assets (net of debt)	97,121,428
Restricted for:	
Highways and streets	1,570,216
Public safety	738,695
Education	817
Other restrictions	256,076
Unrestricted	<u>2,476,902</u>
 Total net assets	 <u>\$ 102,164,134</u>

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

MORROW COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Assets</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 3,712,197	\$ 1,450,494	\$ 429,415	\$ 276,197	\$ (1,556,091)
Public safety	7,771,878	1,454,723	3,172,984	-	(3,144,171)
Highways and streets	7,192,570	347,063	881,286	-	(5,964,221)
Cultural and recreation	645,026	201,447	338,935	-	(104,644)
Education	191,205	8,512	59,670	-	(123,023)
Health	829,446	131,910	332,223	-	(365,313)
Interest on long-term debt	6,205	-	-	-	(6,205)
Total governmental activities	\$ 20,348,527	\$ 3,594,149	\$ 5,214,513	\$ 276,197	\$ (11,263,668)
General revenues:					
Taxes:					
					5,351,647
					686,687
					905,752
					48,619
					270,216
					<u>7,262,921</u>
					<u>(4,000,747)</u>
					<u>106,164,881</u>
					<u>\$ 102,164,134</u>

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

MORROW COUNTY, OREGON

Governmental Funds

Balance Sheet

June 30, 2011

	General	General Road	Emergency Management	Finley Buttes Road	Other Governmental	Total
<u>ASSETS:</u>						
Cash and investments	\$ 917,566	\$ 685,876	\$ 23,233	\$ 1,572,235	\$ 1,974,104	\$ 5,173,014
Receivables						
Property taxes	129,006	83,601	-	-	2,480	215,087
Due from other funds	104,273	-	-	-	-	104,273
Other receivables	301,136	593,530	152,250	25,508	567,172	1,639,596
Prepays	30,145	-	5,436	-	-	35,581
Total assets	<u>\$ 1,482,126</u>	<u>\$ 1,363,007</u>	<u>\$ 180,919</u>	<u>\$ 1,597,743</u>	<u>\$ 2,543,756</u>	<u>\$ 7,167,551</u>
<u>LIABILITIES:</u>						
Accounts payable	\$ 141,558	\$ 232,176	\$ 24,127	\$ -	\$ 139,513	\$ 537,374
Accrued payroll and payroll taxes payable	65,473	27,165	2,783	-	9,640	105,061
Deferred revenues	128,366	1,085,106	-	-	2,299	1,215,771
Due to other entities	11,388	-	-	-	-	11,388
Due to other funds	-	-	94,273	-	10,000	104,273
Total liabilities	<u>346,785</u>	<u>1,344,447</u>	<u>121,183</u>	<u>-</u>	<u>161,452</u>	<u>1,973,867</u>
<u>FUND BALANCES:</u>						
Nonspendable	30,145	-	5,436	-	-	35,581
Restricted	-	18,560	54,300	1,597,743	983,655	2,654,258
Committed	-	-	-	-	1,398,649	1,398,649
Unassigned	1,105,196	-	-	-	-	1,105,196
Total fund balances	<u>1,135,341</u>	<u>18,560</u>	<u>59,736</u>	<u>1,597,743</u>	<u>2,382,304</u>	<u>5,193,684</u>
Total liabilities and fund balances	<u>\$ 1,482,126</u>	<u>\$ 1,363,007</u>	<u>\$ 180,919</u>	<u>\$ 1,597,743</u>	<u>\$ 2,543,756</u>	<u>\$ 7,167,551</u>

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

MORROW COUNTY, OREGON

Governmental Funds
Reconciliation of the Balance Sheet
to the Statement of Net Assets
June 30, 2011

Fund Balances - Governmental Funds \$ 5,193,684

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 169,157,206	
Less accumulated depreciation	<u>(71,676,461)</u>	
		97,480,745

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

Capital leases payable	(359,317)
------------------------	-----------

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. (350,268)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds. 199,290

Net Assets of Governmental Activities	<u><u>\$ 102,164,134</u></u>
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The notes to the financial statements
are an integral part of this statement.

MORROW COUNTY, OREGON

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2011

	General	General Road	Emergency Management	Finley Buttes Road	Other Governmental	Total
<u>REVENUES:</u>						
Taxes	\$ 3,652,034	\$ 2,796,935	\$ -	\$ -	\$ 281,817	\$ 6,730,786
Intergovernmental	794,796	887,827	2,565,899	-	1,553,790	5,802,312
Fees, fines, and charges for services	1,015,837	55,843	-	257,175	2,122,143	3,450,998
Investment interest	9,166	10,670	-	10,084	18,699	48,619
Miscellaneous	197,196	91,340	-	-	13,784	302,320
Total revenues	<u>5,669,029</u>	<u>3,842,615</u>	<u>2,565,899</u>	<u>267,259</u>	<u>3,990,233</u>	<u>16,335,035</u>
<u>EXPENDITURES:</u>						
Current:						
General government	2,756,018	-	-	-	744,427	3,500,445
Public safety	3,015,104	-	2,478,178	-	1,227,097	6,720,379
Highways and streets	-	4,103,681	-	-	-	4,103,681
Cultural and recreation	10,300	-	-	-	513,621	523,921
Education	-	-	-	-	191,205	191,205
Health	817,820	-	-	-	-	817,820
Capital outlay	409,144	231,019	23,048	-	471,153	1,134,364
Debt service:						-
Principal	21,127	-	-	-	-	21,127
Interest	6,205	-	-	-	-	6,205
Total expenditures	<u>7,035,718</u>	<u>4,334,700</u>	<u>2,501,226</u>	<u>-</u>	<u>3,147,503</u>	<u>17,019,147</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,366,689)</u>	<u>(492,085)</u>	<u>64,673</u>	<u>267,259</u>	<u>842,730</u>	<u>(684,112)</u>
<u>OTHER FINANCING SOURCES (USES):</u>						
Capital lease proceeds	49,682	-	-	-	-	49,682
Transfers in	1,269,348	14,129	-	-	156,770	1,440,247
Transfers out	(55,500)	(55,000)	(74,273)	(14,129)	(1,241,345)	(1,440,247)
Total other financing sources (uses)	<u>1,263,530</u>	<u>(40,871)</u>	<u>(74,273)</u>	<u>(14,129)</u>	<u>(1,084,575)</u>	<u>49,682</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(103,159)</u>	<u>(532,956)</u>	<u>(9,600)</u>	<u>253,130</u>	<u>(241,845)</u>	<u>(634,430)</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>1,238,500</u>	<u>551,516</u>	<u>69,336</u>	<u>1,344,613</u>	<u>2,624,149</u>	<u>5,828,114</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 1,135,341</u>	<u>\$ 18,560</u>	<u>\$ 59,736</u>	<u>\$ 1,597,743</u>	<u>\$ 2,382,304</u>	<u>\$ 5,193,684</u>

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

MORROW COUNTY, OREGON

Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2011

Net change in fund balances - Governmental Funds	\$ (634,430)
Amounts reported for governmental activities in the statement of activities are different because:	
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.	
Expenditures for capital assets	\$ 1,134,364
Less current year depreciation	<u>(4,438,839)</u>
	(3,304,475)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Net change in deferred revenues	12,745
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Proceeds from capital leases	(49,682)
Principal payments on capital leases	21,127
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Net change in compensated absences	<u>(46,032)</u>
Change in Net Assets of Governmental Activities	<u>\$ (4,000,747)</u>

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

MORROW COUNTY, OREGON

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP Budgetary Basis) to Actual Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 3,111,428	\$ 3,111,428	\$ 3,202,422	\$ 90,994
Payments in lieu of taxes	279,000	279,000	346,754	67,754
Liquor tax apportionment	32,000	32,000	50,411	18,411
Cigarette tax apportionment	11,000	11,000	15,127	4,127
Oregon DEQ grant	81,300	81,300	29,468	(51,832)
Assessor grants	30,000	30,000	47,001	17,001
Assessor fees and other	18,140	18,140	20,215	2,075
Clerk, recorder fees, and grants	65,345	65,345	85,935	20,590
Veterans service office grants and other	26,911	26,911	20,657	(6,254)
Excise tax admin reimbursed items	125,026	125,026	-	(125,026)
District attorney grants and other	63,743	63,743	52,692	(11,051)
Emergency management grants	13,600	13,600	13,600	-
Health department fees	133,154	133,154	131,910	(1,244)
Health department grants and other	275,499	349,623	332,223	(17,400)
Juvenile court grants and other	26,000	26,000	19,058	(6,942)
Sale of County land	2,000	2,000	-	(2,000)
State grant, assessment and taxation	97,100	97,100	157,717	60,617
Non-departmental fees and other	288,590	288,590	321,632	33,042
Planning fees and grants	32,775	33,900	30,188	(3,712)
Transfer station revenue and fees	34,686	34,686	39,418	4,732
Sheriff civil fees and other	210,458	210,458	164,000	(46,458)
Sheriff intergovernmental contracts	321,805	378,579	273,345	(105,234)
Justice court fines and other	337,200	337,200	306,090	(31,110)
Interest	40,000	40,000	9,166	(30,834)
Total revenues	5,656,760	5,788,783	5,669,029	(119,754)
EXPENDITURES:				
General government:				
County court	418,285	418,285	336,319	81,966
County accountant	232,982	232,982	229,468	3,514
Assessor	572,008	572,008	570,202	1,806
Treasurer	93,803	93,803	92,210	1,593
County clerk	260,223	260,223	243,087	17,136
Veteran's service officer	44,254	44,254	27,406	16,848
Excise tax admin.	125,026	125,026	-	125,026
Juvenile	246,705	252,705	249,983	2,722
Planning department	240,579	241,704	211,567	30,137
County surveyor	7,940	7,940	3,475	4,465
Public works, administrator	58,188	58,188	57,309	879
Public works, general maintenance	526,629	526,629	436,441	90,188
Computer	103,500	103,500	87,414	16,086
Board of Property Tax Appeals	2,963	2,963	2,238	725
Solid waste transfer station - north	39,083	39,083	34,886	4,197
Solid waste transfer station - south	41,683	41,683	35,450	6,233
Non-departmental	599,380	605,380	342,089	263,291
Total general government	3,613,231	3,626,356	2,959,544	666,812

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

Continued on next page.

MORROW COUNTY, OREGON

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Continued from previous page.				
<u>EXPENDITURES (continued):</u>				
Public Safety:				
District attorney	235,098	235,098	215,215	19,883
Justice of the peace	207,495	207,495	194,064	13,431
Sheriff	2,736,875	2,793,649	2,793,502	147
Emergency management	18,195	18,195	11,328	6,867
Total public safety	3,197,663	3,254,437	3,214,109	40,328
Heath:				
Health department	801,218	875,342	851,432	23,910
Total health	801,218	875,342	851,432	23,910
Cultural and recreation:				
Museum	10,300	10,300	10,300	-
Total cultural and recreation	10,300	10,300	10,300	-
Contingency	-	20,500	-	20,500
Total expenditures	7,622,412	7,786,935	7,035,385	751,550
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(1,965,652)	(1,998,152)	(1,366,356)	631,796
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating loan proceeds	200,000	200,000	-	(200,000)
Transfers in	1,274,696	1,307,196	1,269,348	(37,848)
Transfers out	(15,000)	(15,000)	(10,000)	5,000
Total other financing sources (uses)	1,459,696	1,492,196	1,259,348	(232,848)
<u>NET CHANGE IN FUND BALANCES</u>	(505,956)	(505,956)	(107,008)	398,948
<u>FUND BALANCES, BEGINNING</u>	1,425,000	1,425,000	1,081,268	(343,732)
<u>FUND BALANCES, ENDING</u>	\$ 919,044	\$ 919,044	\$ 974,260	\$ 55,216

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

MORROW COUNTY, OREGON

General Road Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 2,026,489	\$ 2,026,489	\$ 2,074,836	\$ 48,347
Federal forest fees	209,000	209,000	202,897	(6,103)
Licenses	613,725	613,725	722,099	108,374
Intergovernmental	1,849,513	2,180,513	684,930	(1,495,583)
Reimbursed items	82,500	82,500	55,843	(26,657)
Interest	40,000	40,000	10,670	(29,330)
Other	69,550	69,550	91,340	21,790
Total revenues	<u>4,890,777</u>	<u>5,221,777</u>	<u>3,842,615</u>	<u>(1,379,162)</u>
<u>EXPENDITURES:</u>				
Road department	4,336,463	4,667,463	3,838,111	829,352
Crusher department	166,812	166,812	168,511	(1,699)
Weed department	286,002	286,002	294,193	(8,191)
Capital equipment	177,000	177,000	60,330	116,670
Total expenditures	<u>4,966,277</u>	<u>5,297,277</u>	<u>4,361,145</u>	<u>936,132</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(75,500)</u>	<u>(75,500)</u>	<u>(518,530)</u>	<u>(443,030)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating loan proceeds	200,000	200,000	-	(200,000)
Transfers in	20,500	20,500	14,129	(6,371)
Transfers out	(55,000)	(55,000)	(55,000)	-
Total other financing sources (uses)	<u>165,500</u>	<u>165,500</u>	<u>(40,871)</u>	<u>(206,371)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>90,000</u>	<u>90,000</u>	<u>(559,401)</u>	<u>(649,401)</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>910,000</u>	<u>910,000</u>	<u>442,768</u>	<u>(467,232)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ (116,633)</u>	<u>\$(1,116,633)</u>

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

MORROW COUNTY, OREGON

Emergency Management Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 4,236,128	\$ 4,656,128	\$ 2,565,899	\$ (2,090,229)
Total revenues	4,236,128	4,656,128	2,565,899	(2,090,229)
<u>EXPENDITURES:</u>				
Personal services	229,628	229,628	217,372	12,256
Materials and services	3,998,500	4,418,500	2,285,316	2,133,184
Total expenditures	4,228,128	4,648,128	2,502,688	2,145,440
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	8,000	8,000	63,211	55,211
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating loan proceeds	60,000	60,000	-	(60,000)
Transfers out	(78,000)	(78,000)	(74,273)	3,727
Total other financing sources (uses)	(18,000)	(18,000)	(74,273)	(56,273)
<u>NET CHANGE IN FUND BALANCES</u>				
	(10,000)	(10,000)	(11,062)	(1,062)
<u>FUND BALANCES, BEGINNING</u>				
	10,000	10,000	46,690	36,690
<u>FUND BALANCES, ENDING</u>				
	\$ -	\$ -	\$ 35,628	\$ 35,628

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

MORROW COUNTY, OREGON

Finley Buttes Road Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Landfill fees	\$ 258,000	\$ 258,000	\$ 257,175	\$ (825)
Interest	23,000	23,000	10,084	(12,916)
Total revenues	<u>281,000</u>	<u>281,000</u>	<u>267,259</u>	<u>(13,741)</u>
<u>EXPENDITURES:</u>				
Contractual services	<u>1,626,500</u>	<u>1,626,500</u>	<u>-</u>	<u>1,626,500</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(1,345,500)	(1,345,500)	267,259	1,612,759
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(15,500)</u>	<u>(15,500)</u>	<u>(14,129)</u>	<u>1,371</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,361,000)	(1,361,000)	253,130	1,614,130
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,361,000</u>	<u>1,361,000</u>	<u>1,344,613</u>	<u>(16,387)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,743</u>	<u>\$ 1,597,743</u>

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

MORROW COUNTY, OREGON

Agency Funds
Statement of Fiduciary Net Assets
June 30, 2011

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 2,027,789
Taxes receivable	632,565
Total assets	<u>2,660,354</u>
LIABILITIES:	
Payable to other agencies	<u>2,660,354</u>
Total liabilities	<u>2,660,354</u>
NET ASSETS	<u>\$ -</u>

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Morrow County was organized February 16, 1885 under the Statutory Provisions of Oregon Law. Administration of the County is vested in an elected county court consisting of a county judge and two commissioners.

The financial statements of Morrow County, Oregon include the accounts of all County operations and have been prepared in conformity with generally accepted accounting policies as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity:

A component unit is a separate legal organization for which the County is considered to be financially accountable. The County has determined that no other organization meets the criteria to be included as a component unit in the County's financial statements.

Government-wide and fund financial statements:

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, 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 County had no business-type activities for the year ended June 30, 2011.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Measurement focus, basis of accounting, and financial statement presentation:

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

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

Those revenues susceptible to accrual are property taxes, special assessments, intergovernmental revenue, licenses, interest revenue, and charges for services. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when other revenue recognition criteria are met, or when the County has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The 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.
- The General Road Fund accounts for revenues and expenditures association with the improvement and maintenance of the County’s road infrastructure.
- The Emergency Management Fund accounts for revenues and expenditures associated with the Chemical Stockpile Emergency Preparedness Plan (CSEPP).
- Finley Buttes Road Fund accounts for revenues collected in landfill fees that are designated to maintain the Bombing Range road associated with landfill traffic.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements
June 30, 2011

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Additionally, the County reports the following fund types:

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 Project Funds account for expenditures on major construction projects or equipment acquisition.

Fiduciary Funds account for assets held by the County for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

Assets, liabilities, and net assets or equity:

Cash and investments:

Cash includes demand deposits, short-term cash investments, and deposits in the Oregon Local Government Investment Pool (LGIP). The County Treasurer combines each fund's cash in a cash pool which is accounted for monthly.

Oregon Revised Statutes authorize counties to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, bankers acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, or port, among others.

The Oregon Short Term Fund (OSTF) is the LGIP for local governments and was established by the State Treasurer. OSTF investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The fair value of the District's position in the pool is the same as the value of its pool shares. Investments are stated at market value.

For purposes of the statement of cash flows, proprietary fund types consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Inventories:

The County does not have any significant inventories. Inventory items are recorded as expenditures when purchased.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Receivables and payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectible accounts.

Morrow County assesses, collects, and distributes property taxes for all local governments within the County. Property taxes are billed in October of each year. Unpaid personal and real property taxes become liens against the property on July 1. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15. Interest at 16% annually is charged for late payments.

Capital assets and long-term liabilities:

The County capitalized assets purchased or constructed with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair values on the date donated.

Capital assets are comprehensively reported in the governmental-wide financial statements. Proprietary capital assets are also reported on their respective fund financial statements. Capital assets are depreciated using the straight-line method. Maintenance and repairs are charged to expenditures in various budgetary funds as incurred and are not capitalized. Upon disposal, the cost and applicable accumulated depreciation are removed from the respective account, and the resulting gain or loss is recorded in operations.

The estimated useful lives for depreciable assets are as follows:

Street system	40-50 years
Buildings and improvements	15-40 years
Machinery and equipment	4-20 years
Automobiles and trucks	4-6 years

Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets.

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements and the fund financial statements of the proprietary funds.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Compensated absences:

It is the County's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide statements and proprietary funds statements.

Income taxes:

The County is a municipal corporation exempt from federal and state income taxes.

Accounting standards:

The County applies the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, in accounting and reporting for proprietary funds.

Fund balance:

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the County Court passes a resolution that places specific constraints on how the resources may be used. The County Court can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the County Court approves which resources should be assigned to expenditure for particular purposes during the adoption of the annual budget. The County's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the County's financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

When the option is available to use restricted or unrestricted resources for any purpose, the County expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the County expends committed resources before assigned resources, and assigned resources before unassigned resources.

Fund balances by classification for the year ended June 30, 2011 were as follows:

	<u>General</u>	<u>General Road</u>	<u>Emergency management</u>	<u>Finley Buttes Road</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Fund Balances</u>						
Nonspendable:						
Prepays and deposits	\$ 30,145	\$ -	\$ 5,436	\$ -	\$ -	\$ 35,581
Restricted:						
Public safety	-	-	54,300	-	727,424	781,724
Highways and streets	-	18,560	-	1,597,743	-	1,616,303
Education	-	-	-	-	155	155
Other restrictions	-	-	-	-	256,076	256,076
Total restricted	<u>-</u>	<u>18,560</u>	<u>54,300</u>	<u>1,597,743</u>	<u>983,655</u>	<u>2,654,258</u>
Committed:						
Culture and recreation	-	-	-	-	308,561	308,561
Education	-	-	-	-	29,936	29,936
Capital projects	-	-	-	-	349,555	349,555
Economic development	-	-	-	-	603,008	603,008
Other committed	-	-	-	-	107,589	107,589
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398,649</u>	<u>1,398,649</u>
Unassigned	<u>1,105,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,105,196</u>
Ending fund balance	<u>\$ 1,135,341</u>	<u>\$ 18,560</u>	<u>\$ 59,736</u>	<u>\$ 1,597,743</u>	<u>\$ 2,382,304</u>	<u>\$ 5,193,684</u>

Of the amount restricted for highways and streets, \$18,560 is restricted by enabling legislation.

Use of estimates:

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget procedures:

A budget is prepared for each fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the financial statements include the original and supplemental budget amounts and all appropriation transfers approved by the County Commissioners.

The budget for the General Fund includes capital outlay expenditures in each program for capital outlay applicable to that program. Capital outlay expenditures in other funds, which are not a part of an identifiable program, are reported separately.

The County uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The appointed budget officer develops a proposed budget for submission to the budget committee appointed by the County Commissioners. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.
2. After the proposed budget is prepared, the budget officer publishes a "Notice of Budget Committee Meeting" in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the County's financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.
3. After approval by the budget committee and the required public hearing, and prior to July 1, the budget is adopted by the County Commissioners, and appropriations are enacted by resolution. Appropriations control expenditures in broad categories as required by Oregon Local Budget Law. More detailed classifications of budgeted expenditures are adopted for administrative control purposes. Budget appropriations lapse at year end.
4. Management is not allowed to modify the budget without action by the governing body. The governing body is authorized to modify the original budget appropriation ordinance in the following ways:
 - a. Transfer of budget appropriations within a fund are authorized by resolution of the governing body.
 - b. Budget revisions that increase total expenditures in any fund require a supplemental budget to be adopted. If a supplemental budget increases a fund's expenditures by less than 10%, the County can adopt the adoption resolution at a regularly scheduled meeting. If a supplemental budget increases a fund's expenditures by more than 10%, the County can adopt it by publishing a notice five to thirty days before a meeting is held to pass the adoption resolution.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):

Two supplemental budgets were adopted during the year ended June 30, 2011; total appropriations increased by \$1,536,385.

5. The following funds legally adopt annual budgets:

General fund, all special revenue funds, and all capital project funds.

6. The agency funds do not adopt annual budgets. These funds are not used to expend funds for County activities or functions.

7. Expenditures may not legally exceed budget appropriations at the departmental level of control in most funds. Appropriations are made at various legal levels of control for each fund.

8. For budget preparation, capital lease proceeds and related capital outlay expenditures are recorded when the capital lease payments are disbursed.

Budget overexpenditures:

Oregon state local budget laws prohibit overexpenditure of budgeted appropriations. The County overexpended the budget of the following funds for the year ended June 30, 2011:

<u>General Road Fund:</u>	Crusher department	<u>\$ 1,699</u>
<u>General Road Fund:</u>	Weed department	<u>\$ 8,191</u>
<u>Comm. on Children and Families Fund:</u>	Crime prevention department	<u>\$ 2,497</u>
<u>Airport Fund:</u>	Materials and services	<u>\$ 4,503</u>
<u>Airport Fund:</u>	Capital outlay	<u>\$ 787</u>
<u>Victim-Witness Assistance Fund</u>	Personal services	<u>\$ 3,084</u>
<u>Park Fund:</u>	OHV Park department	<u>\$ 2,909</u>
<u>Community Corrections Fund:</u>	Personal services	<u>\$ 4,280</u>

Fund deficit:

The following funds had a budgetary basis deficit fund balance as of June 30, 2011:

General Road Fund	<u>\$ 116,633</u>
Airport Fund	<u>\$ 557</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 3 – CASH AND INVESTMENTS:

The County maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed monthly based on average daily balances.

Cash

Demand deposits	\$ 568,544
Petty cash	1,898
	<hr/>
	570,442

Investments

State of Oregon Local Government Investment Pool	6,630,361
	<hr/>

Total cash and investments	<u>\$ 7,200,803</u>
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Cash and investments are reflected in the basic financial statements as follows:

Cash and investments - governmental activities	\$ 5,173,014
Statement of Fiduciary Net Assets	2,027,789
	<hr/>
	<u>\$ 7,200,803</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian, and public official compliance with ORS 295. ORS 295 requires the depository institutions to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2011, the total bank balances were \$823,353. Of these deposits, \$500,000, was covered by federal depository insurance. The County keeps its deposits at financial institutions deemed to be qualified depositories by the Office of the State Treasurer.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 3 – CASH AND INVESTMENTS (continued):

Credit Risk - Investments

State statutes authorize the County to invest in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The County has no formal investment policy that further restricts its investment choices.

The State of Oregon Local Government Investment Pool (LGIP *or* Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which established diversification percentages and specify the types and maturities of investments. The LGIP's credit risk is not rated by any national rating service. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually.

Concentration Risk - Investments

The County has concentrations in the following investments: Local Government Investment Pool comprises 100% of the County's total investments.

Interest Rate Risk - Investments

The County does not have a formal investment policy that explicitly limits investments maturities as means of managing its exposure to fair value loss arising from increasing interest rates.

Custodial Credit Risk - Investments

The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2011 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	\$ 2,046,523	\$ -	\$ -	\$ 2,046,523
Capital assets, being depreciated:				
Buildings and improvements	16,314,672	623,128	-	16,937,800
Campsites and trails	650,242	28,096	-	678,338
Machinery and equipment	13,023,920	483,140	(23,577)	13,483,483
Bridges	21,843,990	-	-	21,843,990
Infrastructure	114,167,072	-	-	114,167,072
Total capital assets being depreciated	<u>165,999,896</u>	<u>1,134,364</u>	<u>(23,577)</u>	<u>167,110,683</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,783,847)	(614,519)	-	(6,398,366)
Campsites and trails	(405,944)	(32,409)	-	(438,353)
Machinery and equipment	(8,274,688)	(905,929)	23,577	(9,157,040)
Bridges	(10,224,586)	(548,494)	-	(10,773,080)
Infrastructure	(42,572,134)	(2,337,488)	-	(44,909,622)
Total accumulated depreciation	<u>(67,261,199)</u>	<u>(4,438,839)</u>	<u>23,577</u>	<u>(71,676,461)</u>
Total capital assets being depreciated, net	<u>98,738,697</u>	<u>(3,304,475)</u>	<u>-</u>	<u>95,434,222</u>
Governmental activities capital assets, net	<u>\$ 100,785,220</u>	<u>\$ (3,304,475)</u>	<u>\$ -</u>	<u>\$ 97,480,745</u>

Depreciation was charged to functions and programs as follows:

	<u>Governmental activities</u>
General government	\$ 207,831
Public safety	1,040,029
Highways and streets	3,062,444
Cultural and recreation	118,536
Health	9,999
	<u>\$ 4,438,839</u>

MORROW COUNTY, OREGON

Notes To Basic Financial Statements
June 30, 2011

NOTE 5 - CAPITAL LEASE OBLIGATIONS:

The County has entered into lease/purchase agreements to acquire property and equipment. These agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with generally accepted accounting principles.

Lease purchase agreement payable at \$26,628 annually, by the Road Fund, including interest at 4.15%, collateralized by road equipment. The lease has a balloon payment of \$150,000 in September 2015.	\$ 218,229
Lease purchase agreement payable at \$11,868 annually, by the General Fund, including interest at 9.75%, collateralized by a phone system. Final payment is due in December 2014.	37,813
Lease purchase agreement payable at \$1,289 per month, by the General Fund, including interest at 5.65%, collateralized by real estate in Boardman.	103,275
	\$ 359,317

Changes to capital lease obligations consisted of the following:

	Governmental
Principal balance June 30, 2010	\$ 330,762
New lease obligations	49,682
Payments	(27,332)
Interest included	6,205
Principal balance June 30, 2011	\$ 359,317

Future minimum payments of the capital lease obligations are as follows:

Fiscal Year	Governmental		
	Payment	Interest	Principal
2012	\$ 53,960	\$ 18,469	\$ 35,491
2013	53,960	16,381	37,579
2014	53,960	14,105	39,855
2015	53,960	11,706	42,254
2016	165,466	9,149	156,317
2017-2021	52,680	4,859	47,821
Total	\$ 433,986	\$ 74,669	\$ 359,317

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 6 – COMPENSATED ABSENCES:

The following is a summary of accumulated unpaid vacation pay transactions of the County for the year ended June 30, 2011:

Balance June 30, 2010	\$ 304,236
Net change in benefits payable	<u>46,032</u>
Balance June 30, 2011	<u>\$ 350,268</u>

Compensated absences are typically liquidated by the governmental funds for which the employees who earned the compensated absences were assigned.

NOTE 7 - DEFERRED REVENUE:

Deferred revenue at June 30, 2011 consisted of the following:

	Governmental Funds	Statement of Net Asset
Property taxes	\$ 199,290	\$ -
Interfund	5,436	-
Intergovernmental	<u>1,011,045</u>	<u>1,011,045</u>
	<u>\$ 1,215,771</u>	<u>\$ 1,011,045</u>

Property tax deferred revenues are shown as revenues in the government-wide financial statements. The intergovernmental deferred revenue includes \$996,000 received from the Oregon Department of Transportation for bridge construction. Due to various factors the construction of the bridge was delayed until the 2011-2012 fiscal year. The revenues have been deferred until the bridge has been completed.

NOTE 8 -- INTERFUND TRANSACTIONS:

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary funds financial statements generally reflect such transactions as transfers.

In addition, certain funds have been transferred for which repayment is anticipated during the next twelve months. These balances are to cover the funds expenses due to timing differences in revenue reimbursements.

Amounts due from and to other funds at June 30, 2011 consisted of the following:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Airport Fund	\$ 10,000
General Fund	Emergency Management Fund	<u>94,273</u>
		<u>\$104,273</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 8 -- INTERFUND TRANSACTIONS (continued):

The following are the County's interfund transfers for the year ended June 30, 2011. All transfers routinely occur between funds:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>	<u>Amount</u>
General	Comm. Corrections	For general operations of community corrections	\$ 45,500
General	Programming Res.	For purchase of software	10,000
General Road	Road Equip. Res.	For purchase of equipment	55,000
Emer. Management	General	For reimbursement of indirect costs	74,273
Finley Buttes Road	General Road	For improvements to County roads	14,129
Comm. On Children & Families	General	For reimbursement of indirect costs	5,896
911 Emerg. Tele.	General	For general operations of the sheriff department	23,400
912 Emerg. Tele.	General	For reimbursement of indirect costs	14,000
Finley Buttes Lic.	General	For general operations of the County	853,500
Finley Buttes Lic.	General	For general operation of the transfer stations	20,000
Fair	Fair Improvement	For capital upgrades to the fairgrounds	5,000
Fair	Fair Roof	For capital upgrades to fair buildings	2,000
Special Transportation	General	For reimbursement of indirect costs	2,000
Special Transportation	Special Trans. Vehicle	For purchase of special transportation vehicle	15,000
Alcohol Enforcement	General	For general operations of the County	500
Video Lottery Econ. Develop.	Fair	For general operations of the Fair Fund	13,000
Video Lottery Econ. Develop.	Rodeo	For general operations of the Rodeo Fund	6,270
Video Lottery Econ. Develop.	General	For general operations of the museum department	10,300
Willow Creek Wind	General	For general operations of the County	144,979
Rodeo	Bleacher Reserve	For capital upgrades to the rodeo bleachers	5,000
Building Permit Fees	General	For general operations of the planning department	40,000
Echo Wind Fees	General	For general operations of the County	80,000
STO Operating Grant	General	For reimbursement of indirect costs	500
		Total	<u>\$ 1,440,247</u>

NOTE 9 -- CONTINGENT LIABILITY, GRANTS:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 10 -- RECEIVABLES

The County lends money to businesses in Morrow County for economic development. The Equity Fund is used for this purpose. On June 30, 2011, loans receivable and corresponding interest of \$325,806 were outstanding. This balance is not expected to be collected within one year.

The County expects to collect all receivables, no allowance is deemed necessary. Other Receivables at June 30, 2011 are as follows:

<u>Receivable</u>	<u>General</u>	<u>General Road</u>	<u>Emergency Management</u>	<u>Finley Buttes Road</u>	<u>Other Govern- mental</u>	<u>Total</u>
Intergovernmental	\$ 133,069	511,304	152,250	-	101,619	\$ 898,242
Other shared taxes	-	68,866	-	-	27,904	96,770
Charges for services	65,170	12,160	-	25,508	112,843	215,681
Miscellaneous revenue	102,897	1,200	-	-	-	104,097
Equity Fund loans	-	-	-	-	322,406	322,406
Equity Fund interest	-	-	-	-	2,400	2,400
	<u>\$ 301,136</u>	<u>\$ 593,530</u>	<u>\$ 152,250</u>	<u>\$ 25,508</u>	<u>\$ 567,172</u>	<u>\$ 1,639,596</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 11 -- DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are, until paid or made available to the employee or other beneficiary, held by a third-party administrator for the exclusive benefit of the participants and their beneficiaries. The deferred compensation investments are not included in the County's financial statements.

NOTE 12 -- LITIGATION:

The County is the defendant in various pending claims. These matters have been referred to legal counsel and the County's insurance carriers. The County administration expects any losses to be covered by insurance. County management does not expect uninsured losses and defense costs to materially affect the financial statements.

NOTE 13 -- SUBSEQUENT TAX REVENUES:

The 2011-2012 budget was adopted anticipating property tax revenues at a rate of \$4.1347 per \$1,000 of assessed value for operations. Budgeted property tax revenues, after discount and adjustments, are as follows:

	<u>Budgeted Property tax Revenue</u>
General fund	\$ 3,497,718
Road fund	1,951,822
County school fund	16,680
Ione school fund	1,624
Fair fund	<u>45,357</u>
	<u><u>\$ 5,513,201</u></u>

After an allowance for expected delinquent tax payments, the County expects to collect at least the amount of property taxes budgeted for 2011-2012.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 14 -- TAXES:

County governmental funds received the following tax revenues:

Property taxes	\$ 5,338,902
Fuel tax apportionment	722,099
Payments in lieu of taxes	493,426
Other taxes	176,359
	<hr/>
	\$ 6,730,786
	<hr/> <hr/>

NOTE 15 -- INTERGOVERNMENTAL REVENUES:

County governmental funds received the following federal and Oregon governmental revenues:

Emergency management funds	\$ 2,565,899
Road department funds	684,930
Health department funds	332,223
Commission on children and families funds	314,011
Park department funds	294,701
911 Emergency funds	277,603
Federal forest fees and federal mineral lease	262,567
Airport grants and other	183,501
Community Corrections funds	171,231
Assessment and taxation funds	157,717
Courthouse improvement grant	117,800
Video lottery apportionment	64,111
Victim/Witness assistance funds	31,913
Sheriff department grants	26,140
Other federal and state funds	317,965
	<hr/>
	\$ 5,802,312
	<hr/> <hr/>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 16 -- FINLEY BUTTES LANDFILL:

A private company operates the Finley Buttes Landfill in Morrow County. The County receives licensing fees from the landfill operator. During the year ended June 30, 2011, Morrow County received the following fees from the landfill operator:

Finley Buttes road fund	\$ 257,175
Finley Buttes license fee fund	1,114,546
Agency fund, closure fees	<u>7,946</u>
	<u><u>\$ 1,379,667</u></u>

The Finley Buttes License Fee fund portion of the landfill fees are available for general county government.

The Finley Buttes Road fund portion of the fees will be used to maintain the Bombing Range road.

The agency fund portion of landfill fees is dedicated to future landfill closing costs. The landfill operator and the landfill owners are responsible for future landfill closure costs. Morrow County is obligated for future closure costs only to the extent of funds available in the agency fund. At June 30, 2011, the balance of funds in the landfill closure agency fund was \$1,138,559.

NOTE 17 -- DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

The County's defined benefit pension plan, Retirement Plan for Employees of Morrow County, Oregon (Plan), provides retirement and disability benefits to employees of the County. The Plan is a single-employer group annuity contract with Pacific Mutual Life Insurance Company. As part of the annuity contract, obligation to pay retirement benefits to member of the Plan is the responsibility of Pacific Mutual Life Insurance company. The County carries no responsibility for payment in the event Pacific Mutual Life Insurance company becomes insolvent. Morrow County created the Morrow County Trust Fund, the purpose of which is to hold the Plan's assets. The trustees are the Morrow County Court. A copy of the Plan's most recent actuarial report (July 1, 2010) can be obtained from officials at the Morrow County Courthouse in Heppner, Oregon.

The Plan covers full time employees as well as part-time employees and elected officials working more than twenty hours per week. The employees contribute 6.0% of their base earnings. For income tax reporting by employees, the County treats the employee contribution as a pre-tax contribution, as allowed by the Internal Revenue Code.

Employees who retire at or after age fifty-five for uniformed employees and sixty for non-uniformed employees with five years of credited service are entitled to a retirement benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service on or after July 1, 1973 but prior to the normal retirement date. The percentages are as follows:

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 17 -- DEFINED BENEFIT PENSION PLAN (continued):

A. Plan Description (continued)

- (a) 2.4% for members hired by the County after December 31, 1994 who are not sheriff office employees.
- (b) 3.0% for all other employees.

Final average salary is the employee's highest average monthly salary of three consecutive years during the last ten years of employment. The benefits are adjusted annually for cost of living adjustment under a formula which has a maximum annual increase of two percent. Benefits fully vest on reaching five years of service. Vested employees may retire at or after age fifty-five and receive reduced retirement benefits. The plan also provides death and disability, and post-retirement medical supplement benefits.

B. Funding Policy:

County employees are required to contribute 6% of their annual covered salary. The County is required to contribute the remaining amounts necessary to fund the system, using the actuarially determined amounts; the rate was 18.2% of covered payroll for the year ended June 30, 2011. On July 1, 2011 the rate decreased to 18.1% of covered payroll. The contribution requirements for plan members and the employer are established by ORS Chapter 238 and may be amended by an act of the legislature.

C. Annual Pension Cost:

For June 30, 2011, the County's annual pension cost of \$833,085 was equal to the County's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return of present and future assets; (b) projected salary increases of 3.75% - 7.5% per year attributable to general wage adjustments with additional increases for proportion and longevity that vary by age and service, (c) 2% per year cost-of-living adjustments, and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience.

<u>Year Ended June 30,</u>	<u>Annual Required Contribution and Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2007	\$ 758,140	100 %	0
2008	\$ 684,021	100	0
2009	\$ 709,795	100	0
2010	\$ 834,615	100	0
2011	\$ 833,085	100	0

MORROW COUNTY, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 17 -- DEFINED BENEFIT PENSION PLAN (continued):

D. Schedule of Funding Progress for County:

The data presented below presents the information currently available.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/05	\$ 9,047,970	\$ 11,597,360	\$ 2,549,390	78.0 %	\$ 3,733,848	68.3 %
07/01/06	10,046,130	12,635,985	2,589,855	79.5	3,944,364	65.7
07/01/07	12,548,117	13,928,480	1,380,363	90.1	3,689,573	37.4
07/01/08	12,393,173	15,260,201	2,867,028	81.2	3,818,604	75.1
07/01/09	10,602,542	16,711,296	6,108,754	63.4	4,164,998	146.7
07/01/10	11,960,779	17,895,590	5,934,811	66.8	4,153,894	142.9

NOTE 18 -- RECONCILIATION OF GAAP BASIS REVENUES AND EXPENDITURES TO BUDGETARY BASIS REVENUES AND EXPENDITURES:

The County accounts for budgetary basis revenues and expenditures using a non-GAAP method. Budgetary basis information reconciles to GAAP basis as follows (only funds with differences listed):

<u>Fund:</u>	<u>GAAP Basis Change in Fund Balances</u>	<u>Change in Compensated Absences</u>	<u>Budgetary Basis - Change in Fund Balances</u>
General	\$ (103,159)	\$ (3,849)	\$ (107,008)
General Road	(532,956)	(26,445)	(559,401)
Emergency Management	(9,600)	(1,462)	(11,062)
Commission on Children and Families	21,503	(648)	20,855
911 Emergency Telephone	7,723	(538)	7,185
Fair	(14,965)	(289)	(15,254)
Special Transportation	(10,167)	(67)	(10,234)
Victim/Witness Assistance	(31,059)	(4,929)	(35,988)
Park	6,770	(2,280)	4,490
Community Corrections	20,665	(5,525)	15,140

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 19 -- RECONCILIATION OF GAAP BASIS FUND EQUITY TO BUDGETARY BASIS FUND EQUITY:

The budgetary basis fund equity reconciles to GAAP basis fund equity as follows (only funds with differences listed):

<u>Fund:</u>	<u>GAAP Basis Fund Balances</u>	<u>Compensated Absences</u>	<u>Budgetary Basis Fund Balances</u>
General Fund	1,135,341	\$ (161,081)	\$ 974,260
General Road	18,560	(135,193)	(116,633)
Emergency Management	59,736	(24,108)	35,628
Commission on Children and Families	72,184	(2,907)	69,277
911 Emergency Telephone	463,602	(5,009)	458,593
Fair	81,845	(3,089)	78,756
Special Transportation	21,068	(599)	20,469
Victim/Witness Assistance	9,623	(5,480)	4,143
Park	23,906	(7,277)	16,629
Community Corrections	20,665	(5,525)	15,140

NOTE 20 -- RISK MANAGEMENT:

The county is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage in the prior year.

NOTE 21 -- RELATED PARTY TRANSACTION

The County has a loan of \$195,954 outstanding to Morrow County Health District from the Equity Fund. The Equity Fund was set up to account for funds the County received in a prior year to be used for economic development loans to entities inside the County. Leann Rea, a County commissioner is also on the 5 person board of directors of Morrow County Health District.

The County has a loan outstanding of \$13,446 to South Morrow Enterprises, LLC from the Equity Fund. South Morrow Enterprises, LLC is owned by Thomas Wolff, who is the husband of Morrow County, Oregon's Executive Secretary/Personal Director Karen Wolff. The loan is payable at \$370 per month for five years with an interest rate of 4%.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2011

NOTE 22 -- SUBSEQUENT EVENTS:

In May 2011, the County received a grant from the United State Department of Transportation through the Federal Aviation Administration of approximately \$1,880,000. The grant will be used to upgrade the Lexington Airport. Completion of the project is expected in the next fiscal year.

In November 2011, the County was notified that surety operations at the Umatilla Chemical Depot and the Umatilla Chemical Agent Disposal Facility are complete. Due to this notification, it is expected that the County's CSEPP operations will be completed in May 2012.

In October 2011, the County took out a loan from Community Bank for \$750,000 in order to pay operating expenses for the current year prior to collection of the 2011-2012 property taxes. In December 2011, the County paid back the loan .

The County started construction of a bridge on Spring Hollow Road after June 30, 2011. The County received grant proceeds from the Oregon Department of Transportation in October 2010. Since the project was not started until after June 30, 2011, the \$996,000 received from ODOT was reported as deferred revenues on the June 30, 2011 financial statements. See note 7 to the financial statements.

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Non-Major Governmental Funds

June 30, 2011

Special Revenue Funds:

- Heritage Fund
- Commission on Children and Families Fund
- Airport Fund
- Law Library Fund
- 911 Emergency Telephone Fund
- Surveyor Preservation Fund
- Finley Buttes License Fund
- County School Fund
- Ione School Fund
- Fair Fund
- Special Transportation Fund
- Alcohol Enforcement Fund
- Video Lottery Economic Development Fund
- Victim/Witness Assistance Fund
- Willow Creek Wind Fund
- CAMI Grant Fund
- Safety Committee Fund
- Rodeo Fund
- Justice Court Bail and Fine Fund
- Clerks Records Fund
- DUII Impact Fund
- Regional Maritime Security Fund
- Building Permit Fees Fund
- Park Fund
- Equity Fund
- Liquor Control Fund
- Water Planning Fund
- Forest Service
- Court Security Fund
- Echo Wind Fees Fund
- STO Operating Grant Fund
- Community Corrections Fund

Capital Projects Funds:

- Road Equipment Reserve Fund
- Computer Equipment Reserve Fund
- Programming Reserve Fund
- STF Vehicle Reserve Fund
- Fair Roof Reserve
- Bleacher Reserve Fund
- Fair Improvement Reserve Fund
- Building Reserve Fund

MORROW COUNTY, OREGON

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS:</u>			
Cash	\$ 1,622,460	\$ 351,644	\$ 1,974,104
Property taxes receivable	2,480	-	2,480
Prepaid expenses	-	-	-
Other receivables	567,172	-	567,172
Total assets	<u>\$ 2,192,112</u>	<u>\$ 351,644</u>	<u>\$ 2,543,756</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 137,424	\$ 2,089	\$ 139,513
Accrued payroll and payroll taxes payable	9,640	-	9,640
Deferred revenues	2,299	-	2,299
Due to other funds	10,000	-	10,000
Total liabilities	<u>159,363</u>	<u>2,089</u>	<u>161,452</u>
<u>FUND BALANCES:</u>			
Nonspendable	-	-	-
Restricted	983,655	-	983,655
Committed	1,049,094	349,555	1,398,649
Total fund balances	<u>2,032,749</u>	<u>349,555</u>	<u>2,382,304</u>
Total fund balances and liabilities	<u>\$ 2,192,112</u>	<u>\$ 351,644</u>	<u>\$ 2,543,756</u>

MORROW COUNTY, OREGON

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ 281,817	\$ -	\$ 281,817
Intergovernmental	1,553,790	-	1,553,790
Fees, fines and charges for services	2,122,143	-	2,122,143
Interest	16,041	2,658	18,699
Miscellaneous	13,784	-	13,784
Total revenues	<u>3,987,575</u>	<u>2,658</u>	<u>3,990,233</u>
<u>EXPENDITURES:</u>			
General government	741,836	2,591	744,427
Public safety	1,227,097	-	1,227,097
Culture and recreation	505,661	7,960	513,621
Education	191,205	-	191,205
Capital outlay	365,526	105,627	471,153
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>3,031,325</u>	<u>116,178</u>	<u>3,147,503</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>956,250</u>	<u>(113,520)</u>	<u>842,730</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	64,770	92,000	156,770
Operating transfers out	(1,241,345)	-	(1,241,345)
Total other financing sources (uses)	<u>(1,176,575)</u>	<u>92,000</u>	<u>(1,084,575)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(220,325)</u>	<u>(21,520)</u>	<u>(241,845)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>2,253,074</u>	<u>371,075</u>	<u>2,624,149</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 2,032,749</u>	<u>\$ 349,555</u>	<u>\$ 2,382,304</u>

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds

June 30, 2011

These funds account for revenue derived from specific taxes or other earmarked revenue sources which are legally restricted or committed to finance particular functions or activities. Funds included are:

- **Heritage Fund** - accounts for revenue and expenditures for upkeep of county trails.
- **Commission on Children and Families Fund** - accounts for grant revenue and expenditure dedicated to County services provided to children and families residing in the County.
- **Airport Fund** - accounts for revenues and expenditures for upkeep and management of County airports.
- **Law Library Fund** - accounts for revenues collected from the courts that are designated to help support the law library located in the County.
- **911 Emergency Telephone Fund** - accounts for 911 taxes and expenditures for the operation of the County's 911 emergency telephone system.
- **Surveyor Preservation Fund** - accounts for the revenues and expenditures associated surveyor preservation.
- **Finley Buttes License Fund** - accounts for license fees generated by the Finley Buttes landfill and the corresponding expenditures.
- **County School Fund** - accounts for revenues designated specifically for the school districts located in the County.
- **Ione School Fund** - accounts for revenues designated specifically for the Ione school district located in the County.
- **Fair Fund** - accounts for revenues and expenditures associated with the annual County fair.
- **Special Transportation Fund** - accounts for revenues and expenditures associated with providing the certain County residents with transportation throughout the County.
- **Alcohol Enforcement Fund** - accounts for fines specifically designated to fund the County's alcohol enforcement programs.
- **Video Lottery Economic Development Fund** - accounts for video lottery funds received from the State of Oregon.
- **Victim/Witness Assistance Fund** - accounts for grant revenues and expenditures associated with the County's victim and witness programs.
- **Willow Creek Wind Fund** - accounts for revenues and expenditures associated with the Willow Creek wind project.
- **CAMI Grant Fund** - accounts for revenue received from the State of Oregon's 'Child Abuse Multidisciplinary Intervention' (CAMI) program.

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds (Continued)

June 30, 2011

These funds account for revenue derived from specific taxes or other earmarked revenue sources which are legally restricted or committed to finance particular functions or activities. Funds included are:

- **Safety Committee Fund** - accounts for SAIF dividends and the associated safety expenditures.
- **Rodeo Fund** - accounts for revenues and expenditures associated with the County's annual Oregon Trail Pro Rodeo.
- **Justice Court Bail and Fine Fund** - accounts for fines received by the County and the associated turnover to other governmental agencies.
- **Clerks Records Fund** - accounts for revenues and expenditures associated with the clerks records.
- **DUII Impact Fund** - accounts for court ordered fees specifically designated to help fund the County's DUII enforcement programs.
- **Regional Maritime Security Fund** - accounts for grant revenues and expenditures associated with the Regional Maritime Security Program.
- **Building Permit Fees Fund** - accounts for building permit fees received by the County.
- **Park Fund** - accounts for the revenues and expenditures associated with the operation and maintenance of the County's parks.
- **Equity Fund** - accounts for revenues received specifically designated to fund the County's small business development programs.
- **Liquor Control Fund** - accounts for revenues for designated to fund the County's liquor control activities.
- **Water Planning Fund** - accounts for revenues received from State water resources.
- **Forest Service** - accounts for forest fees received and the expenditures associated with the County's federal forest land.
- **Court Security Fund** - accounts for revenues specifically designated to fund the County's court security programs.
- **Echo Wind Fees Fund** - accounts for revenues and expenditures associated with the Echo wind project.
- **STO Operating Grant Fund** - accounts for revenues and expenditures associated with the STO Operating Grant.
- **Community Corrections Fund** - accounts for revenues and expenditures associated with the parole and probation of the County

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2011

	<u>Heritage</u>	<u>Commission on Children and Families</u>	<u>Airport</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserve- tion</u>	<u>Finley Buttes License</u>	<u>County School</u>
<u>ASSETS:</u>								
Cash	\$ 20,693	\$ 92,550	\$ 25,802	\$ 30,139	\$ 397,105	\$ 168,161	\$ 3,482	\$ 95
Property taxes receivable	-	-	-	-	-	-	-	654
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	-	11,076	6,592	469	69,473	181	98,617	-
Total assets	<u>\$ 20,693</u>	<u>\$ 103,626</u>	<u>\$ 32,394</u>	<u>\$ 30,608</u>	<u>\$ 466,578</u>	<u>\$ 168,342</u>	<u>\$ 102,099</u>	<u>\$ 749</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ 216	\$ 30,258	\$ 22,951	\$ 672	\$ 584	\$ -	\$ 653	\$ -
Accrued payroll and payroll taxes payable	-	1,184	-	-	2,392	-	-	-
Deferred revenues	-	-	-	-	-	-	-	606
Due to other funds	-	-	10,000	-	-	-	-	-
Total liabilities	<u>216</u>	<u>31,442</u>	<u>32,951</u>	<u>672</u>	<u>2,976</u>	<u>-</u>	<u>653</u>	<u>606</u>
<u>FUND BALANCES:</u>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	72,184	-	-	463,602	-	101,446	143
Committed	20,477	-	(557)	29,936	-	168,342	-	-
Total fund balances	<u>20,477</u>	<u>72,184</u>	<u>(557)</u>	<u>29,936</u>	<u>463,602</u>	<u>168,342</u>	<u>101,446</u>	<u>143</u>
	<u>\$ 20,693</u>	<u>\$ 103,626</u>	<u>\$ 32,394</u>	<u>\$ 30,608</u>	<u>\$ 466,578</u>	<u>\$ 168,342</u>	<u>\$ 102,099</u>	<u>\$ 749</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2011

Continued from previous page.

	<u>Ione School</u>	<u>Fair</u>	<u>Special Trans- portation</u>	<u>Alcohol Enforcement</u>	<u>Lottery Economic Development</u>	<u>Video Victim/ Witness Assistance</u>	<u>Willow Creek Wind</u>	<u>CAMI Grant</u>
<u>ASSETS:</u>								
Cash	\$ 8	\$ 88,341	\$ 22,559	\$ 13,980	\$ 1,821	\$ 4,866	\$ 856	\$ 53,751
Property taxes receivable	60	1,766	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	-	-	3,930	230	-	5,842	-	-
Total assets	<u>\$ 68</u>	<u>\$ 90,107</u>	<u>\$ 26,489</u>	<u>\$ 14,210</u>	<u>\$ 1,821</u>	<u>\$ 10,708</u>	<u>\$ 856</u>	<u>\$ 53,751</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ -	\$ 6,142	\$ 5,263	\$ -	\$ 178	\$ 313	\$ -	\$ 74
Accrued payroll and payroll taxes payable	-	483	158	-	-	772	-	-
Deferred revenues	56	1,637	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>56</u>	<u>8,262</u>	<u>5,421</u>	<u>-</u>	<u>178</u>	<u>1,085</u>	<u>-</u>	<u>74</u>
<u>FUND BALANCES:</u>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	12	-	-	14,210	1,643	9,623	-	53,677
Committed	-	81,845	21,068	-	-	-	856	-
Total fund balances	<u>12</u>	<u>81,845</u>	<u>21,068</u>	<u>14,210</u>	<u>1,643</u>	<u>9,623</u>	<u>856</u>	<u>53,677</u>
	<u>\$ 68</u>	<u>\$ 90,107</u>	<u>\$ 26,489</u>	<u>\$ 14,210</u>	<u>\$ 1,821</u>	<u>\$ 10,708</u>	<u>\$ 856</u>	<u>\$ 53,751</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2011

Continued from previous page.

	<u>Safety Committee</u>	<u>Rodeo</u>	<u>Justice Court Bail and Fine</u>	<u>Clerks Records</u>	<u>DUII Impact</u>	<u>Regional Maritime Security</u>	<u>Building Permit Fees</u>	<u>Park</u>	<u>Equity</u>
<u>ASSETS:</u>									
Cash	\$ 3,296	\$ 14,129	\$ 44,043	\$ 19,958	\$ 24,228	\$ 99	\$ 41,754	\$ 28,996	\$ 281,996
Property taxes receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	23	-	-	14,226	27,904	325,806
Total assets	<u>\$ 3,296</u>	<u>\$ 14,129</u>	<u>\$ 44,043</u>	<u>\$ 19,981</u>	<u>\$ 24,228</u>	<u>\$ 99</u>	<u>\$ 55,980</u>	<u>\$ 56,900</u>	<u>\$ 607,802</u>
<u>LIABILITIES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ 10	\$ 138	\$ 30,355	\$ -	\$ -	\$ -	\$ -	\$ 31,464	\$ 4,794
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	1,530	-
Deferred revenues	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>10</u>	<u>138</u>	<u>30,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,994</u>	<u>4,794</u>
<u>FUND BALANCES:</u>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	13,688	-	24,228	-	-	-	-
Committed	<u>3,286</u>	<u>13,991</u>	<u>-</u>	<u>19,981</u>	<u>-</u>	<u>99</u>	<u>55,980</u>	<u>23,906</u>	<u>603,008</u>
Total fund balances	<u>3,286</u>	<u>13,991</u>	<u>13,688</u>	<u>19,981</u>	<u>24,228</u>	<u>99</u>	<u>55,980</u>	<u>23,906</u>	<u>603,008</u>
	<u>\$ 3,296</u>	<u>\$ 14,129</u>	<u>\$ 44,043</u>	<u>\$ 19,981</u>	<u>\$ 24,228</u>	<u>\$ 99</u>	<u>\$ 55,980</u>	<u>\$ 56,900</u>	<u>\$ 607,802</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2011

Continued from previous page.

	<u>Liquor Control</u>	<u>Water Planning</u>	<u>Forest Service</u>	<u>Court Security</u>	<u>Echo Wind Fees</u>	<u>STO Operating Grant</u>	<u>Comm. Corrections Fund</u>	<u>Totals</u>
<u>ASSETS:</u>								
Cash	\$ 631	\$ 6,350	\$ 61,199	\$ 107,846	\$ 526	\$ 38,135	\$ 25,065	\$ 1,622,460
Property taxes receivable	-	-	-	-	-	-	-	2,480
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	-	-	-	778	-	-	2,025	567,172
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 631</u>	<u>\$ 6,350</u>	<u>\$ 61,199</u>	<u>\$ 108,624</u>	<u>\$ 526</u>	<u>\$ 38,135</u>	<u>\$ 27,090</u>	<u>\$ 2,192,112</u>
 <u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ 3,328	\$ 137,424
Accrued payroll and payroll taxes payable	-	-	-	-	-	24	3,097	9,640
Deferred revenues	-	-	-	-	-	-	-	2,299
Due to other funds	-	-	-	-	-	-	-	10,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>24</u>	<u>6,425</u>	<u>159,363</u>
 <u>FUND BALANCES:</u>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	631	-	61,199	108,593	-	38,111	20,665	983,655
Committed	-	6,350	-	-	526	-	-	1,049,094
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>631</u>	<u>6,350</u>	<u>61,199</u>	<u>108,593</u>	<u>526</u>	<u>38,111</u>	<u>20,665</u>	<u>2,032,749</u>
	<u>\$ 631</u>	<u>\$ 6,350</u>	<u>\$ 61,199</u>	<u>\$ 108,624</u>	<u>\$ 526</u>	<u>\$ 38,135</u>	<u>\$ 27,090</u>	<u>\$ 2,192,112</u>

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2011

	<u>Heritage</u>	<u>Commission on Children/ Families</u>	<u>Airport</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserva- tion</u>	<u>Finley Buttes License</u>	<u>County School</u>
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,876
Intergovernmental	8,203	314,011	183,501	-	277,603	-	-	55,489
Fees, fines, and charges for services	-	-	12,440	8,512	-	13,405	1,114,546	-
Interest	164	433	66	193	2,820	1,138	917	123
Miscellaneous	-	-	50	-	-	-	-	-
Total revenues	<u>8,367</u>	<u>314,444</u>	<u>196,057</u>	<u>8,705</u>	<u>280,423</u>	<u>14,543</u>	<u>1,115,463</u>	<u>173,488</u>
<u>EXPENDITURES:</u>								
General government	-	-	44,543	-	-	-	460,532	-
Public safety	-	287,045	-	-	211,515	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	7,562	-	-	-	-	2,400	-	-
Education	-	-	-	4,069	-	-	-	173,724
Capital outlay	-	-	139,419	-	23,785	-	-	-
Total expenditures	<u>7,562</u>	<u>287,045</u>	<u>183,962</u>	<u>4,069</u>	<u>235,300</u>	<u>2,400</u>	<u>460,532</u>	<u>173,724</u>
<u>EXCESS (DEFICIENCY) OF</u>								
<u>REVENUES OVER</u>								
<u>EXPENDITURES</u>								
	<u>805</u>	<u>27,399</u>	<u>12,095</u>	<u>4,636</u>	<u>45,123</u>	<u>12,143</u>	<u>654,931</u>	<u>(236)</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(5,896)	-	-	(37,400)	-	(873,500)	-
Total other financing sources (uses)	<u>-</u>	<u>(5,896)</u>	<u>-</u>	<u>-</u>	<u>(37,400)</u>	<u>-</u>	<u>(873,500)</u>	<u>-</u>
<u>NET CHANGE IN FUND</u>								
<u>BALANCES:</u>								
	805	21,503	12,095	4,636	7,723	12,143	(218,569)	(236)
<u>FUND BALANCE, BEGINNING</u>								
<u>OF YEAR</u>								
	<u>19,672</u>	<u>50,681</u>	<u>(12,652)</u>	<u>25,300</u>	<u>455,879</u>	<u>156,199</u>	<u>320,015</u>	<u>379</u>
<u>FUND BALANCE, END</u>								
<u>OF YEAR</u>								
	<u>\$ 20,477</u>	<u>\$ 72,184</u>	<u>\$ (557)</u>	<u>\$ 29,936</u>	<u>\$ 463,602</u>	<u>\$ 168,342</u>	<u>\$ 101,446</u>	<u>\$ 143</u>

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MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2011

Continued from previous page.

	<u>Ione School</u>	<u>Fair</u>	<u>Special Trans- portation</u>	<u>Alcohol Enforce- ment</u>	<u>Video Lottery Econ. Develop.</u>	<u>Victim/ Witness Assistance</u>	<u>Willow Creek Wind</u>	<u>CAMI Grant</u>
<u>REVENUES:</u>								
Taxes	\$ 9,200	\$ 43,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,181	36,047	52,260	-	64,111	32,013	-	30,479
Fees, fines, and charges for services	-	18,612	2,297	5,674	-	-	113,261	-
Interest	9	621	207	74	82	-	500	377
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>13,390</u>	<u>99,200</u>	<u>54,764</u>	<u>5,748</u>	<u>64,193</u>	<u>32,013</u>	<u>113,761</u>	<u>30,856</u>
<u>EXPENDITURES:</u>								
General government	-	-	47,931	-	35,565	-	70,281	16,368
Public safety	-	-	-	40	-	63,072	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	114,019	-	-	-	-	-	-
Education	13,412	-	-	-	-	-	-	-
Capital outlay	-	6,146	-	-	-	-	-	-
Total expenditures	<u>13,412</u>	<u>120,165</u>	<u>47,931</u>	<u>40</u>	<u>35,565</u>	<u>63,072</u>	<u>70,281</u>	<u>16,368</u>
<u>EXCESS (DEFICIENCY) OF</u>								
<u>REVENUES OVER</u>								
<u>EXPENDITURES</u>								
	<u>(22)</u>	<u>(20,965)</u>	<u>6,833</u>	<u>5,708</u>	<u>28,628</u>	<u>(31,059)</u>	<u>43,480</u>	<u>14,488</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	13,000	-	-	-	-	-	-
Operating transfers out	-	(7,000)	(17,000)	(500)	(29,570)	-	(144,979)	-
Total other financing sources (uses)	<u>-</u>	<u>6,000</u>	<u>(17,000)</u>	<u>(500)</u>	<u>(29,570)</u>	<u>-</u>	<u>(144,979)</u>	<u>-</u>
<u>NET CHANGE IN FUND</u>								
<u>BALANCES:</u>								
	(22)	(14,965)	(10,167)	5,208	(942)	(31,059)	(101,499)	14,488
<u>FUND BALANCE, BEGINNING</u>								
<u>OF YEAR</u>								
	<u>34</u>	<u>96,810</u>	<u>31,235</u>	<u>9,002</u>	<u>2,585</u>	<u>40,682</u>	<u>102,355</u>	<u>39,189</u>
<u>FUND BALANCE, END</u>								
<u>OF YEAR</u>								
	<u>\$ 12</u>	<u>\$ 81,845</u>	<u>\$ 21,068</u>	<u>\$ 14,210</u>	<u>\$ 1,643</u>	<u>\$ 9,623</u>	<u>\$ 856</u>	<u>\$ 53,677</u>

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MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2011

Continued from previous page.

	Safety Committee	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Regional Maritime Security	Building Permit Fees	Park	Equity
<u>REVENUES:</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,821	\$ -
Intergovernmental	-	-	-	-	-	-	-	294,701	-
Fees, fines, and charges for services	-	50,242	458,477	1,666	2,350	-	88,140	119,173	-
Interest	30	123	-	134	165	-	325	195	5,338
Miscellaneous	4,699	-	-	-	-	-	-	9,035	-
Total revenues	<u>4,729</u>	<u>50,365</u>	<u>458,477</u>	<u>1,800</u>	<u>2,515</u>	<u>-</u>	<u>88,465</u>	<u>533,925</u>	<u>5,338</u>
<u>EXPENDITURES:</u>									
General government	16,020	-	-	170	-	-	-	-	4,794
Public safety	-	-	449,289	-	1,085	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	49,271	-	-	-	-	-	332,409	-
Education	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	194,746	-
Total expenditures	<u>16,020</u>	<u>49,271</u>	<u>449,289</u>	<u>170</u>	<u>1,085</u>	<u>-</u>	<u>-</u>	<u>527,155</u>	<u>4,794</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(11,291)</u>	<u>1,094</u>	<u>9,188</u>	<u>1,630</u>	<u>1,430</u>	<u>-</u>	<u>88,465</u>	<u>6,770</u>	<u>544</u>
<u>OTHER FINANCING SOURCES (USES):</u>									
Operating transfers in	-	6,270	-	-	-	-	-	-	-
Operating transfers out	-	(5,000)	-	-	-	-	(40,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(11,291)</u>	<u>2,364</u>	<u>9,188</u>	<u>1,630</u>	<u>1,430</u>	<u>-</u>	<u>48,465</u>	<u>6,770</u>	<u>544</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>14,577</u>	<u>11,627</u>	<u>4,500</u>	<u>18,351</u>	<u>22,798</u>	<u>99</u>	<u>7,515</u>	<u>17,136</u>	<u>602,464</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 3,286</u>	<u>\$ 13,991</u>	<u>\$ 13,688</u>	<u>\$ 19,981</u>	<u>\$ 24,228</u>	<u>\$ 99</u>	<u>\$ 55,980</u>	<u>\$ 23,906</u>	<u>\$ 603,008</u>

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MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2011

Continued from previous page.

	Liquor Control	Water Planning	Forest Service	Court Security	Echo Wind Fees	STO Operating Grant	Comm. Corrections Fund	Totals
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,817
Intergovernmental	-	-	8,332	-	-	21,628	171,231	1,553,790
Fees, fines, and charges for services	-	-	-	13,415	80,000	-	19,933	2,122,143
Interest	4	-	388	701	526	219	169	16,041
Miscellaneous	-	-	-	-	-	-	-	13,784
Total revenues	<u>4</u>	<u>-</u>	<u>8,720</u>	<u>14,116</u>	<u>80,526</u>	<u>21,847</u>	<u>191,333</u>	<u>3,987,575</u>
<u>EXPENDITURES:</u>								
General government	-	-	-	-	40,000	5,632	-	741,836
Public safety	-	-	-	313	-	-	214,738	1,227,097
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	505,661
Education	-	-	-	-	-	-	-	191,205
Capital outlay	-	-	-	-	-	-	1,430	365,526
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>313</u>	<u>40,000</u>	<u>5,632</u>	<u>216,168</u>	<u>3,031,325</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>4</u>	<u>-</u>	<u>8,720</u>	<u>13,803</u>	<u>40,526</u>	<u>16,215</u>	<u>(24,835)</u>	<u>956,250</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	-	-	-	-	-	45,500	64,770
Operating transfers out	-	-	-	-	(80,000)	(500)	-	(1,241,345)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>(500)</u>	<u>45,500</u>	<u>(1,176,575)</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>4</u>	<u>-</u>	<u>8,720</u>	<u>13,803</u>	<u>(39,474)</u>	<u>15,715</u>	<u>20,665</u>	<u>(220,325)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>627</u>	<u>6,350</u>	<u>52,479</u>	<u>94,790</u>	<u>40,000</u>	<u>22,396</u>	<u>-</u>	<u>2,253,074</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 631</u>	<u>\$ 6,350</u>	<u>\$ 61,199</u>	<u>\$ 108,593</u>	<u>\$ 526</u>	<u>\$ 38,111</u>	<u>\$ 20,665</u>	<u>\$ 2,032,749</u>

MORROW COUNTY, OREGON

Heritage Trail Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grants/Donations	\$ 5,000	\$ 13,203	\$ 8,203	\$ (5,000)
Interest	450	450	164	(286)
Total revenues	<u>5,450</u>	<u>13,653</u>	<u>8,367</u>	<u>(5,286)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>3,450</u>	<u>11,653</u>	<u>7,562</u>	<u>4,091</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>2,000</u>	<u>2,000</u>	<u>805</u>	<u>(1,195)</u>
<u>FUND BALANCES, BEGINNING</u>	<u>21,000</u>	<u>21,000</u>	<u>19,672</u>	<u>(1,328)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 20,477</u>	<u>\$ (2,523)</u>

MORROW COUNTY, OREGON

Commission on Children and Families Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grants/Donations	\$ 267,784	\$ 300,988	\$ 314,011	\$ 13,023
Interest	1,900	1,900	433	(1,467)
Total revenues	<u>269,684</u>	<u>302,888</u>	<u>314,444</u>	<u>11,556</u>
<u>EXPENDITURES:</u>				
Administration and non-departmental	99,628	132,832	114,172	18,660
Basic Capacity grant	142,882	142,882	115,748	27,134
Juvenile crime prevention	42,868	42,868	45,365	(2,497)
Youth investment	12,500	12,500	12,408	92
Total expenditures	<u>297,878</u>	<u>331,082</u>	<u>287,693</u>	<u>43,389</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	(28,194)	(28,194)	26,751	54,945
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(5,896)</u>	<u>(5,896)</u>	<u>(5,896)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(34,090)	(34,090)	20,855	54,945
<u>FUND BALANCES, BEGINNING</u>				
	<u>102,200</u>	<u>102,200</u>	<u>48,422</u>	<u>(53,778)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 68,110</u>	<u>\$ 68,110</u>	<u>\$ 69,277</u>	<u>\$ 1,167</u>

MORROW COUNTY, OREGON

Airport Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants and other	\$ 25,040	\$ 163,672	\$ 183,501	\$ 19,829
Rental and leases	14,960	14,960	12,440	(2,520)
Interest	100	100	66	(34)
Miscellaneous revenue	40	40	50	10
Total revenues	<u>40,140</u>	<u>178,772</u>	<u>196,057</u>	<u>17,285</u>
<u>EXPENDITURES:</u>				
Materials and services	40,040	40,040	44,543	(4,503)
Capital Outlay	-	138,632	139,419	(787)
Total expenditures	<u>40,040</u>	<u>178,672</u>	<u>183,962</u>	<u>(5,290)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	<u>100</u>	<u>100</u>	<u>12,095</u>	<u>11,995</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>100</u>	<u>100</u>	<u>(12,652)</u>	<u>(12,752)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ (557)</u>	<u>\$ (757)</u>

MORROW COUNTY, OREGON

Law Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State court, clerk fees	\$ 7,500	\$ 7,500	\$ 8,512	\$ 1,012
Interest	500	500	193	(307)
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>8,705</u>	<u>705</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>30,100</u>	<u>30,100</u>	<u>4,069</u>	<u>26,031</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(22,100)	(22,100)	4,636	26,736
<u>FUND BALANCES, BEGINNING</u>				
	<u>22,100</u>	<u>22,100</u>	<u>25,300</u>	<u>3,200</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,936</u>	<u>\$ 29,936</u>

MORROW COUNTY, OREGON

911 Emergency Telephone Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State 911 apportionment	\$ 185,771	\$ 185,771	\$ 277,603	\$ 91,832
Interest	10,000	10,000	2,820	(7,180)
Grants	-	34,838	-	(34,838)
Other	1,000	1,000	-	(1,000)
Total revenues	<u>196,771</u>	<u>231,609</u>	<u>280,423</u>	<u>48,814</u>
<u>EXPENDITURES:</u>				
Personal services	199,508	199,508	184,716	14,792
Materials and services	34,150	34,150	21,777	12,373
Capital outlay	14,000	48,838	29,345	19,493
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>297,658</u>	<u>332,496</u>	<u>235,838</u>	<u>96,658</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(100,887)	(100,887)	44,585	145,472
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(37,400)</u>	<u>(37,400)</u>	<u>(37,400)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(138,287)	(138,287)	7,185	145,472
<u>FUND BALANCES, BEGINNING</u>				
	<u>344,400</u>	<u>344,400</u>	<u>451,408</u>	<u>107,008</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 206,113</u>	<u>\$ 206,113</u>	<u>\$ 458,593</u>	<u>\$ 252,480</u>

MORROW COUNTY, OREGON

Surveyor Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for services	\$ 15,000	\$ 15,000	\$ 13,405	\$ (1,595)
Interest	3,000	3,000	1,138	(1,862)
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>14,543</u>	<u>(3,457)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>175,600</u>	<u>175,600</u>	<u>2,400</u>	<u>173,200</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(157,600)	(157,600)	12,143	169,743
<u>FUND BALANCES, BEGINNING</u>				
	<u>157,600</u>	<u>157,600</u>	<u>156,199</u>	<u>(1,401)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,342</u>	<u>\$ 168,342</u>

MORROW COUNTY, OREGON

Finley Buttes License Fee Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Landfill license fees	\$ 986,000	\$ 1,106,000	\$ 1,114,546	\$ 8,546
Interest	9,600	9,600	917	(8,683)
Total revenues	<u>995,600</u>	<u>1,115,600</u>	<u>1,115,463</u>	<u>(137)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>251,600</u>	<u>561,600</u>	<u>460,532</u>	<u>101,068</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	744,000	554,000	654,931	100,931
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(861,500)</u>	<u>(873,500)</u>	<u>(873,500)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(117,500)	(319,500)	(218,569)	100,931
<u>FUND BALANCES, BEGINNING</u>				
	<u>117,500</u>	<u>319,500</u>	<u>320,015</u>	<u>515</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,446</u>	<u>\$ 101,446</u>

MORROW COUNTY, OREGON

County School Fund (ORS 328.005)

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Property taxes	\$ 15,648	\$ 15,648	\$ 16,187	\$ 539
Federal forest rentals (25%)	60,500	60,500	55,489	(5,011)
In lieu of taxes	107,000	107,000	101,689	(5,311)
Interest	260	260	123	(137)
Other	10	10	-	(10)
Total revenues	<u>183,418</u>	<u>183,418</u>	<u>173,488</u>	<u>(9,930)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>183,718</u>	<u>183,718</u>	<u>173,724</u>	<u>9,994</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(300)	(300)	(236)	64
<u>FUND BALANCES, BEGINNING</u>				
	<u>300</u>	<u>300</u>	<u>379</u>	<u>79</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 143</u>

MORROW COUNTY, OREGON

Ione School Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 1,488	\$ 1,488	\$ 1,537	\$ 49
Federal forest rentals	4,540	4,540	4,181	(359)
In lieu of taxes	8,000	8,000	7,663	(337)
Interest	20	20	9	(11)
Other	-	-	-	-
Total revenues	<u>14,048</u>	<u>14,048</u>	<u>13,390</u>	<u>(658)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>14,068</u>	<u>14,068</u>	<u>13,412</u>	<u>656</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(20)	(20)	(22)	(2)
<u>FUND BALANCES, BEGINNING</u>				
	<u>20</u>	<u>20</u>	<u>34</u>	<u>14</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>

MORROW COUNTY, OREGON

Fair Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Gate admissions	\$ 9,000	\$ 9,000	\$ 5,920	\$ (3,080)
Concessions	800	800	755	(45)
Rental of facilities	5,500	5,500	4,792	(708)
Donations	2,100	2,100	310	(1,790)
Sponsors and premium book advertising	4,000	4,000	5,210	1,210
Other	1,950	1,950	1,625	(325)
	<u>23,350</u>	<u>23,350</u>	<u>18,612</u>	<u>(4,738)</u>
Intergovernmental (Oregon State)	42,025	42,025	36,047	(5,978)
Property taxes	42,489	42,489	43,920	1,431
Interest	2,000	2,000	621	(1,379)
Total revenues	<u>109,864</u>	<u>109,864</u>	<u>99,200</u>	<u>(10,664)</u>
<u>EXPENDITURES:</u>				
Administrative and non-departmental	87,069	87,069	51,335	35,734
Fair	89,757	89,757	60,364	29,393
Queen and court	8,000	8,000	4,344	3,656
Multipurpose buildings	4,050	4,050	3,733	317
St. Pats moto-cross	1,000	1,000	678	322
Operating contingency	26,488	26,488	-	26,488
Total expenditures	<u>216,364</u>	<u>216,364</u>	<u>120,454</u>	<u>95,910</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	<u>(106,500)</u>	<u>(106,500)</u>	<u>(21,254)</u>	<u>85,246</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating loan proceeds	25,000	25,000	-	(25,000)
Transfers in	13,000	13,000	13,000	-
Transfers out	(7,000)	(7,000)	(7,000)	-
Total other financing sources (uses)	<u>31,000</u>	<u>31,000</u>	<u>6,000</u>	<u>(25,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(75,500)</u>	<u>(75,500)</u>	<u>(15,254)</u>	<u>60,246</u>
<u>FUND BALANCES, BEGINNING</u>	<u>90,500</u>	<u>90,500</u>	<u>94,010</u>	<u>3,510</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 78,756</u>	<u>\$ 63,756</u>

MORROW COUNTY, OREGON

Special Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grants	\$ 49,349	\$ 49,349	\$ 52,260	\$ 2,911
Bus receipts and other	3,700	3,700	2,297	(1,403)
Interest	800	800	207	(593)
Total revenues	<u>53,849</u>	<u>53,849</u>	<u>54,764</u>	<u>915</u>
<u>EXPENDITURES:</u>				
Personal services	8,433	10,433	9,583	850
Materials and services	43,099	41,099	38,415	2,684
Contingency	15,317	15,317	-	15,317
Total expenditures	<u>66,849</u>	<u>66,849</u>	<u>47,998</u>	<u>18,851</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	<u>(13,000)</u>	<u>(13,000)</u>	<u>6,766</u>	<u>19,766</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(30,000)	(30,000)	(10,234)	19,766
<u>FUND BALANCES, BEGINNING</u>				
	<u>30,000</u>	<u>30,000</u>	<u>30,703</u>	<u>703</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,469</u>	<u>\$ 20,469</u>

MORROW COUNTY, OREGON

Alcohol Enforcement Fund (ORS 471.670)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines and forfeits	\$ 5,250	\$ 5,250	\$ 5,674	\$ 424
Interest	100	100	74	(26)
Total revenues	<u>5,350</u>	<u>5,350</u>	<u>5,748</u>	<u>398</u>
<u>EXPENDITURES:</u>				
Materials and services	4,000	4,000	40	3,960
Capital outlay	4,000	4,000	-	4,000
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>40</u>	<u>7,960</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(2,650)	(2,650)	5,708	8,358
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(3,150)	(3,150)	5,208	8,358
<u>FUND BALANCES, BEGINNING</u>				
	<u>8,565</u>	<u>8,565</u>	<u>9,002</u>	<u>437</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 5,415</u>	<u>\$ 5,415</u>	<u>\$ 14,210</u>	<u>\$ 8,795</u>

MORROW COUNTY, OREGON

Video Lottery Economic Development
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Video lottery	\$ 57,000	\$ 57,000	\$ 64,111	\$ 7,111
Reimbursed items	20,000	20,000	-	(20,000)
Interest	500	500	82	(418)
Total revenues	<u>77,500</u>	<u>77,500</u>	<u>64,193</u>	<u>(13,307)</u>
<u>EXPENDITURES:</u>				
Materials and services	48,030	48,030	35,565	12,465
Capital outlay	-	-	-	-
Total expenditures	<u>48,030</u>	<u>48,030</u>	<u>35,565</u>	<u>12,465</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	29,470	29,470	28,628	(842)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(29,570)</u>	<u>(29,570)</u>	<u>(29,570)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(100)	(100)	(942)	(842)
<u>FUND BALANCES, BEGINNING</u>				
	<u>100</u>	<u>100</u>	<u>2,585</u>	<u>2,485</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ 1,643</u>

MORROW COUNTY, OREGON

Victim-Witness Assistance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>REVENUES:</u>				
State apportionment	\$ 37,567	\$ 37,567	\$ 32,013	\$ (5,554)
Interest	-	-	-	-
Total revenues	<u>37,567</u>	<u>37,567</u>	<u>32,013</u>	<u>(5,554)</u>
<u>EXPENDITURES:</u>				
Personal services	61,747	61,747	64,831	(3,084)
Materials and services	4,150	4,150	3,170	980
Total expenditures	<u>65,897</u>	<u>65,897</u>	<u>68,001</u>	<u>(2,104)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(28,330)	(28,330)	(35,988)	(7,658)
<u>FUND BALANCES, BEGINNING</u>	<u>38,500</u>	<u>38,500</u>	<u>40,131</u>	<u>1,631</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 10,170</u>	<u>\$ 10,170</u>	<u>\$ 4,143</u>	<u>\$ (6,027)</u>

MORROW COUNTY, OREGON

Willow Creek Wind
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>REVENUES:</u>				
Wind fees	\$ 112,032	\$ 112,032	\$ 113,261	\$ 1,229
Interest	2,600	2,600	500	(2,100)
Total revenues	<u>114,632</u>	<u>114,632</u>	<u>113,761</u>	<u>(871)</u>
<u>EXPENDITURES:</u>				
Other requirements	<u>218,132</u>	<u>218,132</u>	<u>215,260</u>	<u>2,872</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(103,500)</u>	<u>(103,500)</u>	<u>(101,499)</u>	<u>2,001</u>
<u>FUND BALANCES, BEGINNING</u>	<u>103,500</u>	<u>103,500</u>	<u>102,355</u>	<u>(1,145)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856</u>	<u>\$ 856</u>

MORROW COUNTY, OREGON

CAMI Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grants	\$ 10,500	\$ 10,500	\$ 30,479	\$ 19,979
Interest	1,000	1,000	377	(623)
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>30,856</u>	<u>19,356</u>
<u>EXPENDITURES:</u>				
Materials and services	45,500	45,500	16,368	29,132
Capital outlay	6,000	6,000	-	6,000
Total expenditures	<u>51,500</u>	<u>51,500</u>	<u>16,368</u>	<u>35,132</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(40,000)	(40,000)	14,488	54,488
<u>FUND BALANCES, BEGINNING</u>	40,000	40,000	39,189	(811)
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,677</u>	<u>\$ 53,677</u>

MORROW COUNTY, OREGON

Safety Committee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
SAIF dividend	\$ -	\$ 4,700	\$ 4,699	\$ (1)
Interest	300	300	30	(270)
Total revenues	<u>300</u>	<u>5,000</u>	<u>4,729</u>	<u>(271)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>12,650</u>	<u>19,575</u>	<u>16,020</u>	<u>3,555</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(12,350)	(14,575)	(11,291)	3,284
<u>FUND BALANCES, BEGINNING</u>	<u>12,350</u>	<u>14,575</u>	<u>14,577</u>	<u>2</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,286</u>	<u>\$ 3,286</u>

MORROW COUNTY, OREGON

Rodeo Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Gate admissions	\$ 14,700	\$ 14,700	\$ 14,134	\$ (566)
Concessions	5,600	5,600	8,298	2,698
Rodeo entry fees and others	5,400	5,400	4,480	(920)
Rodeo sponsor fees	10,400	10,400	5,975	(4,425)
Donations	18,850	18,850	15,355	(3,495)
Other	2,150	2,150	2,000	(150)
	<u>57,100</u>	<u>57,100</u>	<u>50,242</u>	<u>(6,858)</u>
Interest	375	375	123	(252)
Total revenues	<u>57,475</u>	<u>57,475</u>	<u>50,365</u>	<u>(7,110)</u>
<u>EXPENDITURES:</u>				
Materials and services	57,100	57,100	49,271	7,829
Capital outlay	3,545	3,545	-	3,545
Total expenditures	<u>60,645</u>	<u>60,645</u>	<u>49,271</u>	<u>11,374</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(3,170)</u>	<u>(3,170)</u>	<u>1,094</u>	<u>4,264</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	6,270	6,270	6,270	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	<u>1,270</u>	<u>1,270</u>	<u>1,270</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,900)</u>	<u>(1,900)</u>	<u>2,364</u>	<u>4,264</u>
<u>FUND BALANCES, BEGINNING</u>	<u>11,900</u>	<u>11,900</u>	<u>11,627</u>	<u>(273)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 13,991</u>	<u>\$ 3,991</u>

MORROW COUNTY, OREGON

Justice Court Bail and Fine Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Fines	\$ 552,000	\$ 552,000	\$ 458,477	\$ (93,523)
<u>EXPENDITURES:</u>				
Tax turnover	555,100	555,100	449,289	105,811
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(3,100)	(3,100)	9,188	12,288
<u>FUND BALANCES, BEGINNING</u>	3,100	3,100	4,500	1,400
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,688</u>	<u>\$ 13,688</u>

MORROW COUNTY, OREGON

Clerks Records Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Records fees	\$ 2,000	\$ 2,000	\$ 1,666	\$ (334)
Interest	400	400	134	(266)
Total revenues	<u>2,400</u>	<u>2,400</u>	<u>1,800</u>	<u>(600)</u>
<u>EXPENDITURES:</u>				
Materials and services	18,900	18,900	-	18,900
Capital outlay	3,000	3,000	170	2,830
Total expenditures	<u>21,900</u>	<u>21,900</u>	<u>170</u>	<u>21,730</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(19,500)	(19,500)	1,630	21,130
<u>FUND BALANCES, BEGINNING</u>	<u>19,500</u>	<u>19,500</u>	<u>18,351</u>	<u>(1,149)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,981</u>	<u>\$ 19,981</u>

MORROW COUNTY, OREGON

DUII Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Court ordered fees	\$ 2,000	\$ 2,000	\$ 2,350	\$ 350
Interest	500	500	165	(335)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,515</u>	<u>15</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>24,500</u>	<u>24,500</u>	<u>1,085</u>	<u>23,415</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(22,000)	(22,000)	1,430	23,430
<u>FUND BALANCES, BEGINNING</u>	<u>22,000</u>	<u>22,000</u>	<u>22,798</u>	<u>798</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,228</u>	<u>\$ 24,228</u>

MORROW COUNTY, OREGON

Regional Maritime Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grants	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Total expenditures	-	-	-	-
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	-	-	-	-
<u>FUND BALANCES, BEGINNING</u>	-	-	99	99
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 99	\$ 99

MORROW COUNTY, OREGON

Building Permit Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Building permit fees	\$ 15,000	\$ 35,500	\$ 88,140	\$ 52,640
Interest	-	-	325	325
Total revenues	<u>15,000</u>	<u>35,500</u>	<u>88,465</u>	<u>52,965</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	13,000	33,500	88,465	54,965
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(19,500)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(6,500)	(6,500)	48,465	54,965
<u>FUND BALANCES, BEGINNING</u>				
	<u>6,500</u>	<u>6,500</u>	<u>7,515</u>	<u>1,015</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,980</u>	<u>\$ 55,980</u>

MORROW COUNTY, OREGON

Park Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grants	\$ 410,018	\$ 410,018	\$ 294,701	\$ (115,317)
Camping fees and other charges for services	117,925	141,135	119,173	(21,962)
State apportionment	68,765	68,765	110,821	42,056
Interest	850	850	195	(655)
Other	4,000	4,000	9,035	5,035
Total revenues	<u>601,558</u>	<u>624,768</u>	<u>533,925</u>	<u>(90,843)</u>
<u>EXPENDITURES:</u>				
Cutsforth park	108,272	108,272	42,402	65,870
Anson Wright park	39,564	39,564	21,709	17,855
OHV park	439,205	462,415	465,324	(2,909)
Contingency	69,517	69,517	-	69,517
Total expenditures	<u>656,558</u>	<u>679,768</u>	<u>529,435</u>	<u>150,333</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(55,000)	(55,000)	4,490	59,490
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating loan proceeds	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(35,000)	(35,000)	4,490	39,490
<u>FUND BALANCES, BEGINNING</u>				
	<u>35,000</u>	<u>35,000</u>	<u>12,139</u>	<u>(22,861)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,629</u>	<u>\$ 16,629</u>

MORROW COUNTY, OREGON

Equity Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Interest-Loans	\$ 2,500	\$ 2,500	\$ 3,400	\$ 900
Interest	5,000	5,000	1,938	(3,062)
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>5,338</u>	<u>(2,162)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>279,000</u>	<u>279,000</u>	<u>4,794</u>	<u>274,206</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(271,500)	(271,500)	544	272,044
<u>FUND BALANCES, BEGINNING</u>	<u>271,500</u>	<u>271,500</u>	<u>602,464</u>	<u>330,964</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,008</u>	<u>\$ 603,008</u>

MORROW COUNTY, OREGON

Liquor Control Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines	\$ -	\$ 500	\$ -	\$ (500)
Interest	-	16	4	(12)
Total Revenues	-	516	4	(512)
<u>EXPENDITURES:</u>				
Materials and services	-	1,157	-	1,157
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	-	(641)	4	645
<u>FUND BALANCES, BEGINNING</u>	-	641	627	(14)
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 631	\$ 631

MORROW COUNTY, OREGON

Water Planning Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Grant revenue	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>	<u>6,350</u>	<u>6,350</u>	<u>-</u>	<u>6,350</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(6,350)	(6,350)	-	6,350
<u>FUND BALANCES, BEGINNING</u>	<u>6,350</u>	<u>6,350</u>	<u>6,350</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,350</u>	<u>\$ 6,350</u>

MORROW COUNTY, OREGON

Forest Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
State apportionment	\$ 8,000	\$ 8,000	\$ 8,332	\$ 332
Interest	850	850	388	(462)
Total revenues	<u>8,850</u>	<u>8,850</u>	<u>8,720</u>	<u>(130)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>17,950</u>	<u>17,950</u>	<u>-</u>	<u>17,950</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(9,100)	(9,100)	8,720	17,820
<u>FUND BALANCES, BEGINNING</u>	<u>53,200</u>	<u>53,200</u>	<u>52,479</u>	<u>(721)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 44,100</u>	<u>\$ 44,100</u>	<u>\$ 61,199</u>	<u>\$ 17,099</u>

MORROW COUNTY, OREGON

Court Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Court security	\$ 15,000	\$ 15,000	\$ 13,415	\$ (1,585)
Interest	1,600	1,600	701	(899)
Total revenues	<u>16,600</u>	<u>16,600</u>	<u>14,116</u>	<u>(2,484)</u>
<u>EXPENDITURES:</u>				
Materials and services	70,100	70,100	313	69,787
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>80,100</u>	<u>80,100</u>	<u>313</u>	<u>79,787</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(63,500)	(63,500)	13,803	77,303
<u>FUND BALANCES, BEGINNING</u>	<u>63,500</u>	<u>63,500</u>	<u>94,790</u>	<u>31,290</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,593</u>	<u>\$ 108,593</u>

MORROW COUNTY, OREGON

Echo Wind Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>REVENUES:</u>				
Wind fees	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Interest	1,000	1,000	526	(474)
Total revenues	81,000	81,000	80,526	(474)
<u>EXPENDITURES:</u>				
Other requirements	121,600	121,600	120,000	1,600
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(40,600)	(40,600)	(39,474)	1,126
<u>FUND BALANCES, BEGINNING</u>	40,600	40,600	40,000	(600)
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 526	\$ 526

MORROW COUNTY, OREGON

STO Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
STO operating grant	\$ 22,394	\$ 22,394	\$ 21,628	\$ (766)
Interest	25	25	219	194
Other	700	700	-	(700)
Total revenues	<u>23,119</u>	<u>23,119</u>	<u>21,847</u>	<u>(1,272)</u>
<u>EXPENDITURES:</u>				
Personal services	11,351	11,351	2,169	9,182
Materials and services	6,550	6,550	2,000	4,550
Capital outlay	1,500	1,500	1,463	37
Contingency	20,018	20,018	-	20,018
Total expenditures	<u>39,419</u>	<u>39,419</u>	<u>5,632</u>	<u>33,787</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(16,300)	(16,300)	16,215	32,515
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(16,800)	(16,800)	15,715	32,515
<u>FUND BALANCES, BEGINNING</u>	<u>16,800</u>	<u>16,800</u>	<u>22,396</u>	<u>5,596</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,111</u>	<u>\$ 38,111</u>

MORROW COUNTY, OREGON

Community Corrections Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
State P&P revenue	\$ 158,900	\$ 171,750	\$ 171,231	\$ (519)
Charges for services and other	28,250	28,250	19,933	(8,317)
Interest	-	-	169	169
Total revenues	<u>187,150</u>	<u>200,000</u>	<u>191,333</u>	<u>(8,667)</u>
<u>EXPENDITURES:</u>				
Personal services	138,931	154,781	159,061	(4,280)
Materials and services	95,444	92,444	61,782	30,662
Capital outlay	11,125	11,125	850	10,275
Total expenditures	<u>245,500</u>	<u>258,350</u>	<u>221,693</u>	<u>36,657</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	(58,350)	(58,350)	(30,360)	27,990
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	<u>58,350</u>	<u>58,350</u>	<u>45,500</u>	<u>(12,850)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	15,140	15,140
<u>FUND BALANCES, BEGINNING</u>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,140</u>	<u>\$ 15,140</u>

MORROW COUNTY, OREGON

Non-Major Capital Projects Funds

June 30, 2011

These funds account for the purchase and construction of the capital assets of the County. The majority of the funds used to purchase capital assets are transfers from other funds. Funds included are:

- **Road Equipment Reserve Fund** - accounts for the acquisition of road equipment.
- **Computer Equipment Reserve Fund** - accounts for the acquisition of the County's computer assets.
- **Programming Reserve Fund** - accounts for the acquisition of the County's various software assets.
- **STF Vehicle Reserve Fund** - accounts for the acquisition of the special transportation bus.
- **Fair Roof Reserve Fund** - accounts for the improvements made to buildings located at the fairgrounds.
- **Bleacher Reserve Fund** - accounts for the acquisition of bleachers at the County's fairgrounds.
- **Fair Improvement Reserve** - accounts for the acquisition and payment of new dorms and showers at the County's fairgrounds.
- **Building Reserve Fund** - accounts for the construction and acquisition of the County's buildings.

MORROW COUNTY, OREGON

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2011

	<u>Road Equipment Reserve</u>	<u>Computer Equipment Reserve</u>	<u>Program- ming Reserve</u>	<u>STF Vehicle Reserve</u>	<u>Fair Roof Reserve</u>	<u>Bleacher Reserve</u>	<u>Fair Improvement Reserve</u>	<u>Building Reserve</u>	<u>Totals</u>
<u>ASSETS:</u>									
Cash	<u>\$ 128,375</u>	<u>\$ 21,811</u>	<u>\$ 14,018</u>	<u>\$ 103,240</u>	<u>\$ 5,060</u>	<u>\$ 29,147</u>	<u>\$ 11,477</u>	<u>\$ 38,516</u>	<u>\$ 351,644</u>
Total assets	<u><u>\$ 128,375</u></u>	<u><u>\$ 21,811</u></u>	<u><u>\$ 14,018</u></u>	<u><u>\$ 103,240</u></u>	<u><u>\$ 5,060</u></u>	<u><u>\$ 29,147</u></u>	<u><u>\$ 11,477</u></u>	<u><u>\$ 38,516</u></u>	<u><u>\$ 351,644</u></u>
<u>LIABILITIES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ 1,443	\$ -	\$ -	\$ -	\$ -	\$ 646	\$ -	\$ 2,089
<u>FUND BALANCES:</u>									
Committed	<u>128,375</u>	<u>20,368</u>	<u>14,018</u>	<u>103,240</u>	<u>5,060</u>	<u>29,147</u>	<u>10,831</u>	<u>38,516</u>	<u>349,555</u>
Total liabilities and fund balances	<u><u>\$ 128,375</u></u>	<u><u>\$ 21,811</u></u>	<u><u>\$ 14,018</u></u>	<u><u>\$ 103,240</u></u>	<u><u>\$ 5,060</u></u>	<u><u>\$ 29,147</u></u>	<u><u>\$ 11,477</u></u>	<u><u>\$ 38,516</u></u>	<u><u>\$ 351,644</u></u>

MORROW COUNTY, OREGON

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2011

	<u>Road Equipment Reserve</u>	<u>Computer Equipment Reserve</u>	<u>Program- ming Reserve</u>	<u>STF Vehicle Reserve</u>	<u>Fair Roof Reserve</u>	<u>Bleacher Reserve</u>	<u>Fair Improvement Reserve</u>	<u>Building Reserve</u>	<u>Totals</u>
<u>REVENUES:</u>									
Interest	\$ 656	\$ 219	\$ 503	\$ 670	\$ 29	\$ 187	\$ 125	\$ 269	\$ 2,658
Grant revenues and other	-	-	-	-	-	-	-	-	-
Total revenues	<u>656</u>	<u>219</u>	<u>503</u>	<u>670</u>	<u>29</u>	<u>187</u>	<u>125</u>	<u>269</u>	<u>2,658</u>
<u>EXPENDITURES:</u>	<u>25,000</u>	<u>11,082</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,096</u>	<u>-</u>	<u>116,178</u>
<u>EXCESS (DEFICIENCY) OF REVENUES, OVER (UNDER) EXPENDITURES</u>	<u>(24,344)</u>	<u>(10,863)</u>	<u>(64,497)</u>	<u>670</u>	<u>29</u>	<u>187</u>	<u>(14,971)</u>	<u>269</u>	<u>(113,520)</u>
<u>OTHER FINANCING SOURCES (USES):</u>									
Transfers in	55,000	-	10,000	15,000	2,000	5,000	5,000	-	92,000
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>55,000</u>	<u>-</u>	<u>10,000</u>	<u>15,000</u>	<u>2,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>92,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>30,656</u>	<u>(10,863)</u>	<u>(54,497)</u>	<u>15,670</u>	<u>2,029</u>	<u>5,187</u>	<u>(9,971)</u>	<u>269</u>	<u>(21,520)</u>
<u>FUND BALANCES, BEGINNING</u>	<u>97,719</u>	<u>31,231</u>	<u>68,515</u>	<u>87,570</u>	<u>3,031</u>	<u>23,960</u>	<u>20,802</u>	<u>38,247</u>	<u>371,075</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 128,375</u>	<u>\$ 20,368</u>	<u>\$ 14,018</u>	<u>\$ 103,240</u>	<u>\$ 5,060</u>	<u>\$ 29,147</u>	<u>\$ 10,831</u>	<u>\$ 38,516</u>	<u>\$ 349,555</u>

MORROW COUNTY, OREGON

Road Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Sale of assets	\$ 2,000	\$ 2,000	\$ -	(2,000)
Interest	1,000	1,000	656	(344)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>656</u>	<u>(2,344)</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>156,500</u>	<u>156,500</u>	<u>25,000</u>	<u>131,500</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(153,500)	(153,500)	(24,344)	129,156
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(98,500)	(98,500)	30,656	129,156
<u>FUND BALANCES, BEGINNING</u>				
	<u>98,500</u>	<u>98,500</u>	<u>97,719</u>	<u>(781)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,375</u>	<u>\$ 128,375</u>

MORROW COUNTY, OREGON

Computer Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>REVENUES:</u>				
Interest	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 219</u>	<u>\$ (481)</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>32,400</u>	<u>32,400</u>	<u>11,082</u>	<u>21,318</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(31,700)</u>	<u>(31,700)</u>	<u>(10,863)</u>	<u>20,837</u>
<u>FUND BALANCES, BEGINNING</u>	<u>31,700</u>	<u>31,700</u>	<u>31,231</u>	<u>(469)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,368</u>	<u>\$ 20,368</u>

MORROW COUNTY, OREGON

Programming Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ 503</u>	<u>\$ (797)</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>80,900</u>	<u>80,900</u>	<u>65,000</u>	<u>15,900</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(79,600)</u>	<u>(79,600)</u>	<u>(64,497)</u>	<u>15,103</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(69,600)</u>	<u>(69,600)</u>	<u>(54,497)</u>	<u>15,103</u>
<u>FUND BALANCES, BEGINNING</u>	<u>69,600</u>	<u>69,600</u>	<u>68,515</u>	<u>(1,085)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,018</u>	<u>\$ 14,018</u>

MORROW COUNTY, OREGON

STF Vehicle Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 1,500	\$ 1,500	\$ 670	\$ (830)
Total revenues	1,500	1,500	670	(830)
<u>EXPENDITURES:</u>				
Capital outlay	105,300	105,300	-	105,300
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(103,800)	(103,800)	670	104,470
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	15,000	15,000	15,000	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(88,800)	(88,800)	15,670	104,470
<u>FUND BALANCES, BEGINNING</u>				
	88,800	88,800	87,570	(1,230)
<u>FUND BALANCES, ENDING</u>				
	\$ -	\$ -	\$ 103,240	\$ 103,240

MORROW COUNTY, OREGON

Fair Roof Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Interest	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 29</u>	<u>\$ (21)</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>5,125</u>	<u>5,125</u>	<u>-</u>	<u>5,125</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(5,075)</u>	<u>(5,075)</u>	<u>29</u>	<u>5,104</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(3,075)</u>	<u>(3,075)</u>	<u>2,029</u>	<u>5,104</u>
<u>FUND BALANCES, BEGINNING</u>	<u>3,075</u>	<u>3,075</u>	<u>3,031</u>	<u>(44)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,060</u>	<u>\$ 5,060</u>

MORROW COUNTY, OREGON

Bleacher Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 350	\$ 350	\$ 187	\$ (163)
<u>EXPENDITURES:</u>				
Capital outlay	29,650	29,650	-	29,650
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(29,300)	(29,300)	187	29,487
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	5,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(24,300)	(24,300)	5,187	29,487
<u>FUND BALANCES, BEGINNING</u>	24,300	24,300	23,960	(340)
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 29,147	\$ 29,147

MORROW COUNTY, OREGON

Fair Improvement Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Interest	\$ 700	\$ 700	\$ 125	\$ (575)
Total revenues	700	700	125	(575)
<u>EXPENDITURES:</u>				
Capital outlay	38,900	38,900	15,096	23,804
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(38,200)	(38,200)	(14,971)	23,229
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	5,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(33,200)	(33,200)	(9,971)	23,229
<u>FUND BALANCES, BEGINNING</u>	33,200	33,200	20,802	(12,398)
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 10,831	\$ 10,831

MORROW COUNTY, OREGON

Building Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>REVENUES:</u>				
Interest	\$ 800	\$ 800	\$ 269	\$ (531)
<u>EXPENDITURES</u>	-	-	-	-
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	800	800	269	(531)
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	-	(5,000)
<u>NET CHANGE IN FUND BALANCES</u>	5,800	5,800	269	(5,531)
<u>FUND BALANCES, BEGINNING</u>	38,900	38,900	38,247	(653)
<u>FUND BALANCES, ENDING</u>	<u>\$ 44,700</u>	<u>\$ 44,700</u>	<u>\$ 38,516</u>	<u>\$ (6,184)</u>

MORROW COUNTY, OREGON

Other Schedules
June 30, 2011

Agency Funds:

- Combining Statement of Assets and Liabilities
- Combining Statement of Receipts, Expenditures, and Changes in Cash (Arising from Cash Transactions)

Schedule of Accountabilities:

- County Treasurer
- Other Elected Officials

Schedule of Cash and Investments

Property taxes:

- Schedule of Property Tax Transactions and Outstanding Balances
- Schedule of Property Taxes Receivable -- By Fund

MORROW COUNTY, OREGON

Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2011

	ASSETS			LIABILITIES AND FUND EQUITY		
	Cash and Investments	Taxes Receivable	Total	Payable to Other Agencies	Fund Balance	Total
<u>AGENCY FUNDS:</u>						
Property taxes	\$ -	\$ 632,565	\$ 632,565	\$ 632,565	\$ -	\$ 632,565
Assessments and taxation	17,337	-	17,337	17,337	-	17,337
Treasurer's account	1,026	-	1,026	1,026	-	1,026
Morrow Co. medical fund	6,194	-	6,194	6,194	-	6,194
Other districts, general	10,944	-	10,944	10,944	-	10,944
Other districts, debt service	18,714	-	18,714	18,714	-	18,714
Fire districts, general	270,315	-	270,315	270,315	-	270,315
Cemetery districts	22,799	-	22,799	22,799	-	22,799
Park districts	1,709	-	1,709	1,709	-	1,709
Water control districts	36	-	36	36	-	36
School districts, general	40,607	-	40,607	40,607	-	40,607
School districts, debt service	297,055	-	297,055	297,055	-	297,055
Morrow County Unified Recreation	98,860	-	98,860	98,860	-	98,860
North Morrow vector control	1,476	-	1,476	1,476	-	1,476
Ione-Lex Perpetual	13,045	-	13,045	13,045	-	13,045
Finley buttes landfill	1,138,559	-	1,138,559	1,138,559	-	1,138,559
Library district	1,533	-	1,533	1,533	-	1,533
Sale of county lands	34,238	-	34,238	34,238	-	34,238
Other	53,318	-	53,318	53,318	-	53,318
Mobile home ombudsman	24	-	24	24	-	24
Total	\$ 2,027,789	\$ 632,565	\$ 2,660,354	\$ 2,660,354	\$ -	\$ 2,660,354

MORROW COUNTY, OREGON

Agency Funds
Combining Statement of Changes in Agency Funds
(Arising from Cash Transactions)
Year Ended June 30, 2011

	Cash and Investments June 30, 2010	Additions	Deductions	Cash and Investments June 30, 2011
<u>AGENCY FUNDS:</u>				
Property taxes	\$ -	\$ 22,708,274	\$ 22,708,274	\$ -
Assessments and taxation	28,373	67,515	78,551	17,337
Treasurer's account	1,019	7	-	1,026
Morrow Co. medical fund	16,734	1,292,222	1,302,762	6,194
Other districts, general	29,997	2,146,676	2,165,729	10,944
Other districts, debt service	25,682	706,927	713,895	18,714
Fire districts, general	233,345	1,077,021	1,040,051	270,315
Cemetery districts	22,067	114,374	113,642	22,799
Park districts	4,773	356,251	359,315	1,709
Water control districts	128	8,320	8,412	36
School districts, general	113,574	7,612,767	7,685,734	40,607
School districts, debt service	81,736	2,828,616	2,613,297	297,055
Morrow County Unified Recreation	72,218	657,039	630,397	98,860
North Morrow vector control	4,211	272,048	274,783	1,476
Ione-Lex Perpetual	12,895	150	-	13,045
Finley buttes landfill	1,130,613	7,946	-	1,138,559
Library district	4,357	284,255	287,079	1,533
Sale of county lands	9,038	25,200	-	34,238
Other	56,057	348,750	351,489	53,318
Mobile home ombudsman	69	4,095	4,140	24
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,846,886</u>	<u>\$ 40,518,453</u>	<u>\$ 40,337,550</u>	<u>\$ 2,027,789</u>

MORROW COUNTY, OREGON

Schedule of Accountability -- County Treasurer

Cash Transactions

Year Ended June 30, 2011

<u>COUNTY FUNDS:</u>	Cash Balance <u>June 30, 2010</u>	Receipts	Disbursements	Cash Balance <u>June 30, 2011</u>
General	\$ 1,061,522	\$ 7,502,918	\$ 7,659,197	\$ 905,243
Heritage	19,672	12,467	11,446	20,693
Road Fund Equipment	97,719	55,656	25,000	128,375
General Road	651,011	4,446,441	4,411,876	685,576
Finley Buttes Road	1,320,145	266,219	14,129	1,572,235
Juvenile Services Commission	57,294	306,257	271,001	92,550
Airport	4,150	190,348	168,696	25,802
Law Library	24,194	9,342	3,397	30,139
911 Emergency Telephone	397,830	274,878	275,603	397,105
Surveyor Preservation	156,123	14,438	2,400	168,161
Emergency Management	6,919	732,632	716,318	23,233
Finley Buttes license fee	258,191	1,175,427	1,430,136	3,482
County School	266	174,209	174,380	95
Ione School	24	13,458	13,474	8
Fair	104,347	121,564	137,720	88,191
Computer Equipment Reserve	31,231	219	9,639	21,811
Special Transportation	35,553	53,073	66,067	22,559
Programming Reserve	68,515	10,503	65,000	14,018
Alcohol Enforcement	8,661	5,859	540	13,980
Video Lottery	5,101	74,193	77,473	1,821
Victim/Witness Assistance	26,408	44,234	65,776	4,866
Willow Creek Wind	102,355	434,339	535,838	856
CAMI Grant	42,040	30,966	19,255	53,751
STF Vehicle Reserve	87,570	15,670	-	103,240
Roof Reserve	3,031	2,029	-	5,060
Safety committee	14,577	4,729	16,010	3,296
Bleacher Reserve	23,960	5,187	-	29,147
Rodeo	12,637	56,636	55,144	14,129
Justice Court	59,059	463,741	478,757	44,043
Clerks Records	18,255	2,044	341	19,958
DUII Impact	22,798	2,515	1,085	24,228
Regional Maritime Security	99	-	-	99
Fair Improvement Reserve	22,160	5,125	15,808	11,477
Building Permit Fees	4,550	112,704	75,500	41,754
Park	39,606	531,908	543,031	28,483
Equity	257,895	117,672	93,571	281,996
Building Reserve	38,247	269	-	38,516
Liquor Control	627	4	-	631
Water Planning	6,350	-	-	6,350
Forest Service	52,479	8,720	-	61,199
Court Security	93,249	14,910	313	107,846
Echo Wind Fees	40,000	254,562	294,036	526
STO Operating Grant	22,396	22,331	6,592	38,135
Community Corrections	-	311,934	286,869	25,065
Total County Funds	<u>5,298,816</u>	<u>17,882,330</u>	<u>18,021,418</u>	<u>5,159,728</u>
<u>AGENCY FUNDS</u>	<u>1,846,886</u>	<u>40,518,453</u>	<u>40,337,550</u>	<u>2,027,789</u>
County Treasurer Totals	<u>\$ 7,145,702</u>	<u>\$ 58,400,783</u>	<u>\$ 58,358,968</u>	<u>\$ 7,187,517</u>

MORROW COUNTY, OREGON

Schedule of Accountability -- Other Elected Officials
Cash Transactions
Year Ended June 30, 2011

	<u>Sheriff</u>
<u>CASH BALANCE, JUNE 30, 2010</u>	<u>\$ 8,603</u>
<u>CASH RECEIPTS</u>	<u>55,099</u>
<u>CASH DISBURSEMENTS:</u>	
Turnover to County Treasurer	<u>52,314</u>
<u>CASH BALANCE, JUNE 30, 2011</u>	<u><u>\$ 11,388</u></u>

MORROW COUNTY, OREGON

Schedule of Cash and Investments
June 30, 2011

County Treasurer	\$ 7,187,517
Other elected officials	11,388
Cash on hand, various funds	<u>1,898</u>
Total cash and investments	<u>\$ 7,200,803</u>

MORROW COUNTY, OREGON

Schedule of Property Tax Transactions and Outstanding Balances
Year Ended June 30, 2011

<u>Fiscal Year</u>	<u>Property Taxes Receivable July 1, 2010</u>	<u>Current Levy as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Corrections and Adjustments</u>	<u>Cash Collections</u>	<u>Property Taxes Receivable June 30, 2011</u>
2010-11	\$ -	\$ 22,149,931	\$ (601,823)	\$ (32,383)	\$ (21,086,084)	\$ 429,641
2009-10	439,062	-	-	(8,967)	(204,792)	225,303
2008-09	226,290	-	-	-	(103,553)	122,737
2007-08	120,318	-	-	-	(72,237)	48,081
2006-07	59,845	-	-	(77)	(49,659)	10,109
2005-06	9,834	-	-	-	(2,651)	7,183
Prior years	6,810	-	-	-	(2,212)	4,598
	<u>\$ 862,159</u>	<u>\$ 22,149,931</u>	<u>\$ (601,823)</u>	<u>\$ (41,427)</u>	<u>\$ (21,521,188)</u>	<u>\$ 847,652</u>

MORROW COUNTY, OREGON

Schedule of Property Taxes Receivable -- By Fund
June 30, 2011

General fund	\$ 129,006
Road fund	83,601
County school fund	654
Ione school fund	60
Fair fund	<u>1,766</u>
Sub-total	215,087
Agency funds	<u>632,565</u>
Total	<u><u>\$ 847,652</u></u>

AUDIT REPORTS, COMMENTS AND DISCLOSURES
REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND STATE REGULATIONS

**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
Morrow County
Heppner, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2011, which collectively comprise Morrow County, Oregon's basic financial statements and have issued our report thereon dated December 14, 2011. 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 Morrow County, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morrow County, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Morrow County, Oregon's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

County Commissioners
Morrow County
Page two

Compliance and Other Matters

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

This report is intended solely for the information and use of management, County Commissioners, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barnett & Moro, P.C.

By 

Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 14, 2011

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures as set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

County Commissioners
Morrow County
Heppner, Oregon

We have audited the basic financial statements of Morrow County, Oregon as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. 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.

Compliance

As part of obtaining reasonable assurance about whether Morrow County, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

- The County's General Road fund and Airport fund had deficit fund balances of \$116,633, and \$557, respectively at June 30, 2011.
- Budget over expenditures are disclosed in Note 2 to the financial statements.

OAR 162-10-0230 Internal Control

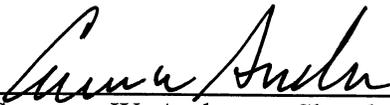
In planning and performing our audit, we considered Morrow County, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Barnett & Moro, P.C.

By: 
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 14, 2011

SINGLE AUDIT SECTION

MORROW COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Federal Grantor/Program Name:</u>	<u>Federal CFDA Number</u>	<u>Major Programs (X)</u>	<u>Amount</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Forest fees, roads and schools	10.665		\$ 244,396
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Crime victim assistance	16.575		\$ 16,060
The juvenile accountability incentive block grant	16.523		8,875
			<u>\$ 24,935</u>
<u>U.S. DEPARTMENT OF ENERGY:</u>			
Office of environmental waste processing	81.104		13,600
ARRA-Energy Efficiency and Conservation Block Grant	81.128		117,800
			<u>\$ 131,400</u>
<u>U.S. DEPARTMENT OF DEFENSE:</u>			
U.S. Army: Chemical disposal	12.401		\$ 29,468
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Oregon State Health Division:			
Public health emergency preparedness	93.069		\$ 94,727
Family planning services	93.217		23,071
MCH block grant	93.994		29,045
Medical assistance program	93.778		4,110
Preventive health and health services block grant	93.991		3,700
			<u>154,653</u>
Oregon Youth Services Commission:			
Social services block grant	93.667		12,646
Medical assistance program	93.778		27,158
Promoting safe and stable families	93.556		1,882
			<u>41,686</u>
Oregon Department of Justice:			
Child support enforcement	93.563		50,190
			<u>\$ 246,529</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
ARRA-Highway planning and construction	20.205	X	300,000
Airport Improvement Program	20.106		58,247
			<u>\$ 358,247</u>
<u>U.S. GENERAL SERVICES ADMINISTRATION</u>			
Donation of federal surplus personal property	39.003		\$ 1,067
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>			
Bureau of Land Management, Mineral Land Leasing	15.214		\$ 23,882
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
Boating Safety Financial Assistance	97.012		\$ 24,926
Chemical emergency stockpile preparedness program (CSEPP)	97.040	X	2,576,961
			<u>\$ 2,601,887</u>
Total expenditures of federal awards			<u>\$ 3,661,811</u>

See notes to schedule of
expenditures of federal awards.

MORROW COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Morrow County, Oregon and is presented on the modified accrual basis of accounting as described in note 1 to the basic financial statements. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the on the Schedule are reported on the basis of accounting described in Note 1 to the financial statements. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

All awards are passed through the State of Oregon's various departments. No direct federal grants are received.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

County Commissioners
Morrow County
Heppner, Oregon

Compliance

We have audited Morrow County, Oregon's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Morrow County, Oregon's major federal programs for the year ended June 30, 2011. Morrow County, Oregon's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Morrow County, Oregon's management. Our responsibility is to express an opinion on Morrow County, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 Morrow County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Morrow County, Oregon's compliance with those requirements.

In our opinion, Morrow County, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2011.

Internal Control Over Compliance

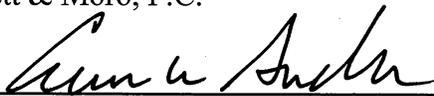
The management of Morrow County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Morrow County, Oregon's internal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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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 the county commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Barnett & Moro, P.C.

By: 
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 14, 2011

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified
that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified
that are not considered to be material weakness(es)? yes X no

Type of auditor's report issued on compliance for major program: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.040	Chemical Stockpile Emergency Preparedness Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

Section II-Financial Statement Findings

There are no financial statement findings for the year ended June 30, 2011.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs for the year ended June 30, 2011.

MORROW COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2011

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2010.

FINDINGS:

There were no findings for the year ended June 30, 2010.