MORROW COUNTY, OREGON

Financial Statements and
Independent Auditors' Report

June 30, 2015

MORROW COUNTY, OREGON

List of Officials
June 30, 2015

COMMISSIONERS:	TITLE:
Terry K. Tallman	County Judge
Leann Rea	Commissioner
Ken A. Grieb	Commissioner

OTHER ELECTED OFFICIALS:	
Michael Gorman	Assessor
Bobbi Childers	Clerk
Ken Matlack	Sheriff
Gayle Gutierrez	Treasurer
Ann Spicer	Justice of the Peace
Stephen K. Haddock	Surveyor

FINANCE DEPARTMENT:	
Richard 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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, General Road Fund, Finley Buttes Road Fund, Heppner Admin Building Fund, and Parks Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages 9-19 and 55 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morrow County, Oregon's basic financial statements. 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* , and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other schedules, and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The combining and individual nonmajor fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 29, 2016, on our consideration of Morrow County, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Morrow County, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 29, 2016, on our consideration of Morrow County, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By: _____

Cameron W. Anderson, Shareholder
Hermiston, Oregon
February 29, 2016

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, 2015. 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, 2015, by $88,694,374 (Net Position). Of this amount, $1,533,849 may be used to meet the County's ongoing obligations to citizens and creditors.
- The total net position increased by $374,671 for fiscal year ended June 30, 2015. Of this amount $374,671 was due to the increase in governmental activities net position. The County had no business-type activities in fiscal year 2015 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 $9,920,479, an increase of $138,522 in comparison to the prior year. Approximately $5,551,688 is restricted or committed for purposes designated by special revenue or reserve funds, and $4,368,791 is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,368,791 or 51.65 % 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 basis 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 Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

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 21 and 22 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 two categories: governmental 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 Position and Activities.

The County maintains 43 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, and Finley Buttes Road 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.

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 23 through 25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support 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 31 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 32 through 57 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplemental Information beginning on page 63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by $88.7 million at June 30, 2015.

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 83.54 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 (18.05 percent), pension obligations (62.40 percent), and capital leases payable (19.55 percent). Current liabilities, not including current portions of long-term debts, represents about 18.05 percent of the county's total liabilities, and consists almost entirely of payables on accounts, salaries and benefits.

Morrow County's Net Position		
	June 30, 2015	June 30, 2014
Current assets	$ 11,352	$ 10,873
Capital assets	86,247	86,122
Total assets	97,599	96,995
Deferred outlflows of resources	1,556	1,468
Current liabilities	2,031	1,363
Long-term debt	7,201	7,244
Total liabilities	9,232	8,607
Deferred inflows of resources	1,229	1,536
Net position:		
Net investment in captial assets	84,442	85,612
Restricted	2,718	3,012
Unrestricted	1,534	(304)
	$ 88,694	$ 88,320

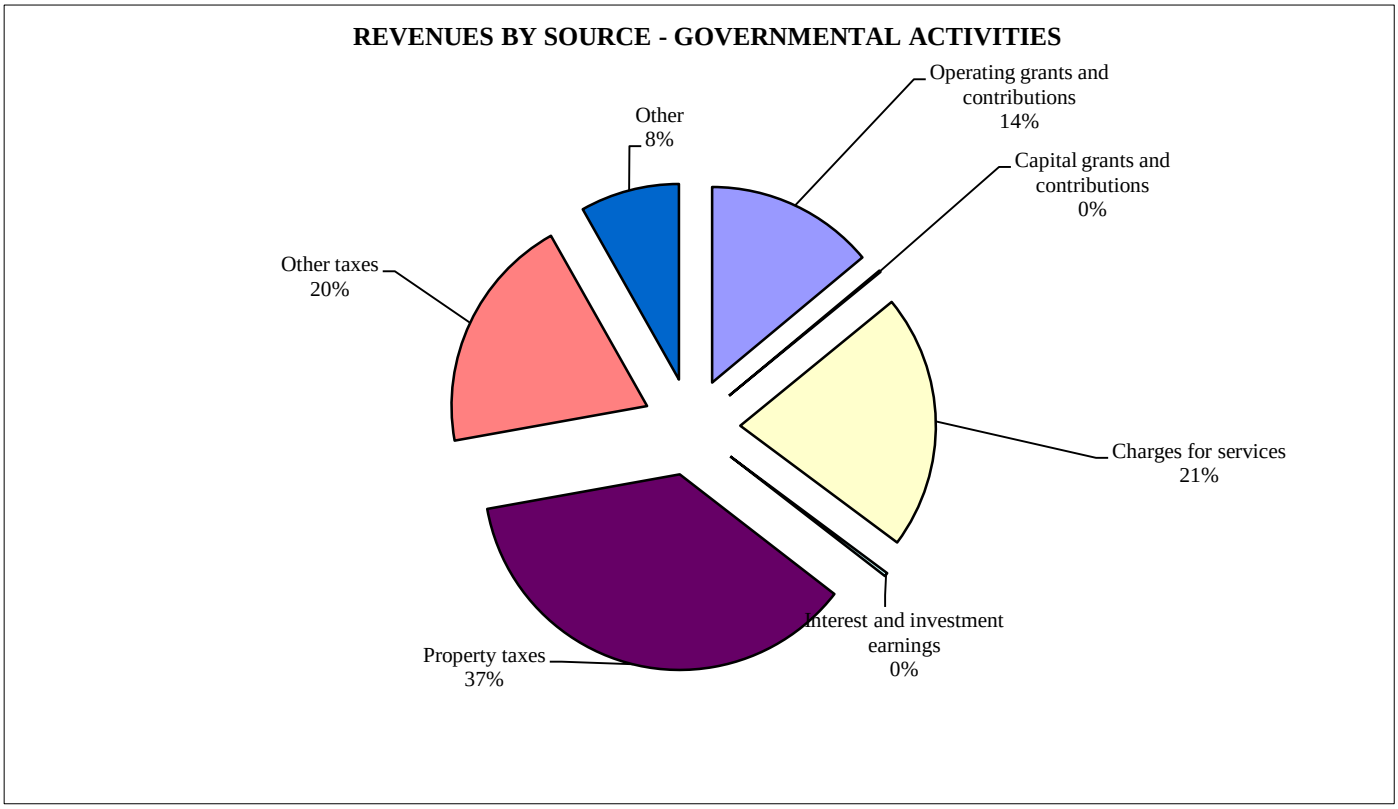
Of the County's net position, its investment in capital assets (e.g. land, buildings, vehicles and equipment, and infrastructure) is substantially more than the related debt still outstanding used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, 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. During the current fiscal year, the County's net position increased by $374,671. This was due to the increase in net position from Governmental activities. The primary increase was due to expending $4,150,992 on capital assets while the current year depreciation was $3,968,371. In addition the disposal or turnover of various capital assets resulted in a $57,852 loss on disposal. The net result of these transactions regarding capital assets resulted in reducing net position by $124,769. The County saw an increase in long term debt for the 14-15 fiscal year. The net result of the County's debt transactions was an increase in long term debt of $1,293,880. General operating activities for the country resulted in expenditures exceeding revenues by $1,211,014. Other transactions contributing to the decrease in net position included accruing a decrease in the County's net pension obligation during the fiscal year ended June 30, 2015 of $1,423,805. The net result of these transactions resulted in a $374,671 net increase in the county's net position.

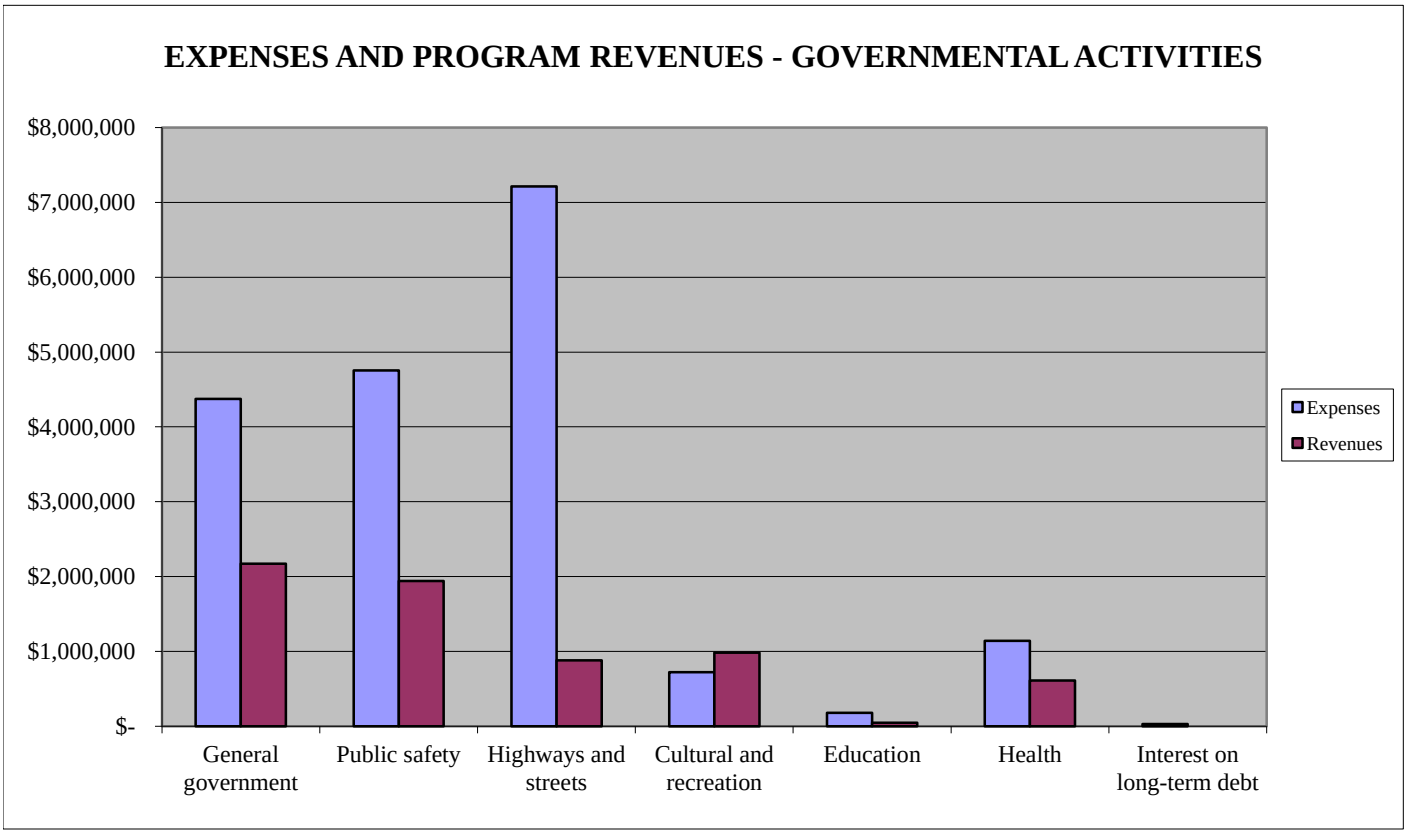
Governmental Activities. During the current fiscal year, the County's net position increased by $374.6 thousand, compared to a $53.6 thousand decrease in the prior year.

Morrow County Changes in Net Position-Governmental Activities

	2014-2015	2013-2014
Revenues		
Program revenues		
Charges for services	$3,974,175	$ 3,961,226
Operating grants and contributions	2,628,353	2,982,554
Capital grants and contributions	26,100	-
General revenues		
Property taxes	6,912,351	6,650,042
Payments in lieu of taxes	2,617,493	2,447,300
State shared taxes	1,083,888	1,039,567
Interest and investment earnings	56,345	56,484
Other revenues, net	1,541,728	123,937
Contribution of capital assets	-	685,942
Gain (Loss) on disposal	(57,852)	(120,206)
Total revenues	18,782,581	17,826,846
Expenses		
General government	4,372,736	4,231,384
Public safety	4,753,017	4,689,668
Highways and streets	7,215,285	7,247,984
Cultural and recreation	721,769	663,946
Education	177,882	171,393
Health	1,139,977	861,192
Interest on long-term debt	27,244	14,910
Total expenses	18,407,910	17,880,477
Decrease in net assets before transfer	(374,671)	53,631
Transfers	-	-
Change in net position	374,671	(53,631)
Beginning net position	94,806,253	96,859,884
Prior period adjustment	(6,486,550)	-
Beginning net position, as restated	88,319,703	96,859,884
Ending net position	$ 88,694,374	$ 94,806,253

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


REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
Operating grants and contributions 14%
Other 8%
Capital grants and contributions 0%
Other taxes 20%
Charges for services 21%
Interest and investment earnings 0%
Property taxes 37%


EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
General government
Public safety
Highways and streets
Cultural and recreation
Education
Health
Interest on long-term debt
Expenses
Revenues

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, unassigned 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 $9,920,479, an increase of $138,522 in comparison with the prior year. Approximately 44.04% or $4,368,791 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. 5,551,688 or 55.96% 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, the total fund balance of the General Fund was $4,368,791 of which $4,368,791 was unassigned. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund increased by $166,370 during the fiscal year ended June 30, 2015. The primary factor in this increase was an unanticipated increase in property tax revenues for 2014 – 2015 due to an enterprise zone tax payer's failure to file for their exemption, resulting in greater assessed taxable value for 14-15. This is likely an anomaly and not an item to be expected in future years. The budgeted decrease for the fund balance in 2015-2016 is $1,686,208. This is less of a concern than in years past as the General fund has carried over significantly more fund balance from the previous year than in prior years, and the budgeted decrease for 2015 – 2016 includes various projects to spend down the carried over funds. Morrow County will continue to monitor General Fund balance in the future as this is an area of concern due to the projected reduction of the General Fund revenues 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 as well as additional resources from property taxes due to an actual assessed value larger than the estimated value used in preparation of the original budget.

The budget increases resulted in increasing appropriations in the following areas:

- The General Fund budget for the County Court was increased by $11,300 from the receipt of additional property tax revenues.
- The General Fund budget for the County Accountant was increased by $500 from the receipt of additional A&T grant funds.
- The General Fund budget for the Veterans Services Officer was increased by $2,500 from the receipt of additional property tax revenues.
- The General Fund budget for the District Attorney was increased by $20,000 as part of a budgetary transfer from General Fund Non- Dept. due to County Counsel services now being performed in house by the Dist. Attorney Dept. rather than retaining outside counsel.
- The General Fund budget for the Juvenile Dept was increased by $11,500 from the receipt of additional property tax revenues.
- The General Fund budget for the Sheriff Department was increased by $41,300 from the receipt of additional property tax and a Public Safety grant from the CREZ II Board.
- The General Fund budget for the Health Department was increased by $148,200 due to additional grant funds, and other miscellaneous revenues.
- The General Fund budget for County Surveyor was increased by $650 due to the receipt of additional charges for services revenue.
- The General Fund budget for the Public Works Administration and General Maintenance Departments was increased in the amount of $26,000 from the receipt of additional property tax revenue and fees/charges for services.
- The General Fund budget for the Transfer Station-North was increased by $9,000 due to the receipt of additional fees/charges for services.
- The General Fund budget for the Transfer Station-South was increased by $15,000 due to the receipt of additional fees/charges for services.
- The General Fund budget for Transfers to Other Funds was increased by $26,000 due to the receipt of additional payments in lieu of taxes and miscellaneous revenues.
- The General Fund budget for the Computer Department was increased by $30,000 due to the receipt of additional property tax revenue.
- The General Fund Non Departmental Special Payments budget increased by $71,630 as a result of an anticipated payment which had been carried over in beginning fund balance from the prior year.
- The Road Fund Road Department budget was increased by $359,550 from the receipt of additional grant funds and fees.
- The Road Fund Weed Department budget was increased by $24,295 due to the receipt of additional fees/charges for services.
- The Airport Fund Materials & Services Budget was increased by $4,476 due to the receipt of additional fees/charges for services, and additional beginning fund balance carried over from the prior year.
- The 911 Emergency Management Fund Personnel Services budget increased by $9,000 as a result of larger than anticipated beginning fund balance carryover.
- The 911 Emergency Management Fund Capital Outlay budget increased by $31,000 as a result of larger than anticipated beginning fund balance carryover.
- The Fair Fund budget was increased by $9,125 as a result of additional property tax revenues, charges for services/fees and transfers from other funds.
- The CAMI Grant Fund Materials & Services budget increased by $2,800 as a result of larger than anticipated beginning fund balance.

- The Park Fund budget was increased by $63,000 as a result of increased grant funds and fee revenues received.
- The Justice Court Bails & Fines Fund budget was increased by $9,101 due to larger than anticipated carryover of beginning fund balance from the prior year
- The Shepherds Flat Fees Fund budget was increased by $471,896 due to larger than anticipated carryover of beginning fund balance due to the timing of a previously budgeted project.

Capital Projects and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of June 30, 2015, amounts to $86,247,063 (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:

- Sheriff Department vehicles of $157,374.
- Equipment to outfit Sheriff's Department vehicles $14,773.
- Sheriff Department Body Cameras $61,230.
- Courthouse Clock Tower Improvements $71,071.
- General County Vehicles (non Road or Sheriff's Dept.) $82,290.
- Courthouse Improvements/Upgrades $45,522.
- Mower General Maintenance $14,900.
- Belly Dump Trailer – Road Department $25,000.
- Bearcat BK-250 Kracker Chipsealer $40,000
- Road Dept. Lexington Truck Shed & Shop Improvements $39,927.
- Cat 140M2 Grader $276,523.
- Cat 140M2 LGRP Grader $222,000.
- Bombing Range Road Shoulder Improvements $45,494.
- Polaris Ranger with Markel Sprayer – Weed Dept. $12,998.
- Airport Master Plan Update $72,055.
- Dispatch Center Remodel - $128,592.
- Fairgrounds Pavilion Improvements $12,300.
- Cutsforth Park Improvements & Upgrades $8,325.
- Anson Wright Park Improvements & Upgrades $26,457.
- OHV Park Upgrades & Improvements $221,595.
- Enclosed Cab Dozer – Parks - $84,535,
- Heppner Administrative Building (Bartholomew Building) Work in Process, substantially completed 11/2015 - $2,437,352.
-

Additional information on the County's capital assets can be found in note 4 on page 44 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of $1,804,452. This was in the form of long-term capital lease obligations, and a construction loan for the new Heppner Administrative Building. The County's total long-term debt increased by $1,293,880 during the current fiscal year.

Additional information on the County's long-term debt can be found in note 5 on page 45 of this report.

Key Economic Factors and Budget Information

- Morrow County has experienced significant industrial development over the last several years, with food processing and data centers in the Port of Morrow and large wind power projects throughout the County. Most of these projects involve some sort of property tax exemption, like SIP (Strategic Investment Program) which is a 15 year exemption or EZ (Enterprise Zone) which can be a 3 year to 15 year exemption. These programs have resulted in an exempt value of around one billion dollars for the County. These projects have created several hundred jobs for the County but unfortunately the residential and commercial development has not increased as much. The Columbia River Enterprise Zone Board has been recently working the communities of Morrow County to try and develop a strategy to entice more residential and commercial development. PGE is expected to close the Boardman Coal Plant in 2020, but is currently constructing a new gas generating plant next to the coal plant. The new gas plant has a 15 year SIP exemption.
- The overall grant revenue outlook is relatively flat or slightly decreased due to state budget uncertainty and the overall economy.
- The 2015-2016 fiscal year the County will see the third significant payment of Strategic Investment Program (SIP) monies from the Caithness/Shepherds Flat Wind Project. The 2015-2016 budget includes an estimated receipt of $1,316,270 for this payment which will be used to fund some capital projects within the County.
- It is anticipated that the costs of providing cost of living wage increases to be 2.75 %, and medical & dental insurance coverage to employees will continue to rise, by approximately 8-10% 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 19.4% for the 2015-2016 fiscal year. The contribution rate for 2016-2017 will probably remain at or near the current rate.
- Road funding continues to be a concern for Morrow County. In an effort to continue to provide the Road Department with sufficient funds and cover general operation of the department, the 2015-2016 budget includes several transfers to the Road Fund of unrestricted, non-property tax monies. The 2015-2016 budget includes a transfer of $1,185,000 from the Finley Buttes License Fee Fund, a transfer of $612,000 of Strategic Investment Program (SIP) monies from the Shepherds Flat Fees Fund and a transfer of $775,000 of other non-property tax unrestricted monies from the General Fund.

All of these factors were considered in preparing the County's budget for fiscal year 2015-2016.

During the current fiscal year, unassigned fund balance in the General Fund increased to $4,368,791. Of this amount, $1,563,792 will not be available for program resources in fiscal year 2015-2016.

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 Position
June 30, 2015

	Governmental Activities
ASSETS:	
Cash and investments	$ 9,676,092
Receivables (net of allowance for uncollectibles):	
Property taxes	185,173
Other receivables	1,490,884
Capital assets:	
Land	4,707,133
Other capital assets (net of accumulated depreciation)	81,539,930
Total assets	97,599,212
DEFERRED OUTFLOWS OF RESOURCES:	
Pension deferrals	1,555,755
LIABILITIES:	
Accounts payable	1,079,061
Accrued payroll and payroll taxes payable	192,747
Compensated absences	385,388
Due to other entities	9,066
Net pension liability	5,760,840
Non current liabilities:	
Long-term debt, due within one year	364,808
Long-term debt, due in more than one year	1,439,644
Total liabilities	9,231,554
DEFERRED INFLOWS OF RESOURCES:	
Pension deferrals	1,229,039
NET POSITION:	
Net investment in capital assets	84,442,611
Restricted for:	
Highways and streets	2,034,552
Public safety	543,035
Education	728
Other restrictions	139,599
Unrestricted	1,533,849
Total net position	$ 88,694,374

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

MORROW COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
General government	$ 4,372,736	$ 1,681,384	$ 462,615	$ 26,100	$ (2,202,637)
Public safety	4,753,017	1,072,183	866,998	-	(2,813,836)
Highways and streets	7,215,285	551,652	329,893	-	(6,333,740)
Cultural and recreation	721,769	504,745	477,375	-	260,351
Education	177,882	11,310	34,953	-	(131,619)
Health	1,139,977	152,901	456,519	-	(530,557)
Interest on long-term debt	27,244	-	-	-	(27,244)
Total governmental activities	$ 18,407,910	$ 3,974,175	$ 2,628,353	$ 26,100	$ (11,779,282)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,912,351
Payments in lieu of taxes	2,617,493
State shared taxes	1,083,888
Interest and investment earnings	56,345
Other revenues	1,541,728
Loss on disposal of capital assets	(57,852)
Total general revenues	12,153,953
Change in net position	374,671
Net position--beginning (as restated - See Note 15)	88,319,703
Net position--ending	$ 88,694,374

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

MORROW COUNTY, OREGON

Governmental Funds
Balance Sheet
June 30, 2015

	General	General Road	Finley Buttes Road	Heppner Admin Building	Parks	Other Governmental	Total
ASSETS:							
Cash and investments	$ 4,388,293	$ 1,184,555	$ 1,110,445	$ 97,434	$ 87,920	$ 2,807,445	$ 9,676,092
Receivables							
Property taxes	183,034	-	-	-	-	2,139	185,173
Due from other funds	1,500	-		-		-	1,500
Other receivables	308,028	103,308	28,893	-	485,234	565,421	1,490,884
Total assets	$ 4,880,855	$ 1,287,863	$ 1,139,338	$ 97,434	$ 573,154	$ 3,375,005	$ 11,353,649
LIABILITIES:							
Accounts payable	$ 222,474	$ 237,284	$ -	$ 248,970	$ 224,845	$ 145,488	$ 1,079,061
Accrued payroll and payroll taxes payable	131,470	42,286	-	-	3,026	15,965	192,747
Due to other entities	9,066	-	-	-	-	-	9,066
Due to other funds	-	-	-	-	-	1,500	1,500
Total liabilities	363,010	279,570	-	248,970	227,871	162,953	1,282,374
DEFERRED INFLOWS OF RESOURCES:							
Deferred property taxes	149,054	-	-	-	-	1,742	150,796
FUND BALANCES:							
Restricted	-	1,008,293	1,139,338	-	-	701,185	2,848,816
Committed	-	-	-	(151,536)	345,283	2,509,125	2,702,872
Unassigned	4,368,791	-	-	-	-	-	4,368,791
Total fund balances	4,368,791	1,008,293	1,139,338	(151,536)	345,283	3,210,310	9,920,479
Total liabilities, deferred inflows of resources, and fund balances	$ 4,880,855	$ 1,287,863	$ 1,139,338	$ 97,434	$ 573,154	$ 3,375,005	$ 11,353,649

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 Position
June 30, 2015

Fund Balances - Governmental Funds		$ 9,920,479
Amounts reported for governmental activities in the statement of net position 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	$ 169,504,008	
Less accumulated depreciation	(83,256,945)	
		86,247,063
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.		
Notes payable		(1,100,000)
Capital leases payable		(704,452)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(385,388)
Net pension liability for the County's retirement plan is not reported in the governmental fund financial statements because such amounts are not due and payable in the current period. (See Note 18 to the financial statements)		(5,434,124)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		150,796
Net Position of Governmental Activities		$ 88,694,374

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, 2015

	General	General Road	Finley Buttes Road	Heppner Admin Building	Parks	Other Governmental	Total
REVENUES:							
Taxes	$ 7,849,607	$ 884,809	$ -	$ -	$ 128,486	$ 194,060	$ 9,056,962
Intergovernmental	913,086	329,893	-	-	426,397	985,072	2,654,448
Fees, fines, and charges for services	996,773	210,829	340,823	-	397,032	3,592,145	5,537,602
Investment interest	24,769	3,624	5,764	860	317	21,011	56,345
Miscellaneous	98,955	702	-	-	8,601	11,716	119,974
Total revenues	9,883,190	1,429,857	346,587	860	960,833	4,804,004	17,425,331
EXPENDITURES:							
Current:							
General government	3,498,257	-	-	-	-	477,785	3,976,042
Public safety	3,253,976	-	-	-	-	1,092,195	4,346,171
Highways and streets	-	4,200,156	-	-	-	-	4,200,156
Cultural and recreation	10,300	-	-	-	379,102	192,932	582,334
Education	-	-	-	-	-	177,883	177,883
Health	1,119,867	-	-	-	-	-	1,119,867
Capital outlay	549,064	407,310	-	2,440,292	349,455	404,871	4,150,992
Debt service:							
Principal	22,491	19,741	-	-	-	13,424	55,656
Interest	4,841	6,887	-	-	-	15,516	27,244
Total expenditures	8,458,796	4,634,094	-	2,440,292	728,557	2,374,606	18,636,345
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,424,394	(3,204,237)	346,587	(2,439,432)	232,276	2,429,398	(1,211,014)
OTHER FINANCING SOURCES (USES):							
Capital lease proceeds	-	249,536	-	-	-	-	249,536
Loan proceeds	-	-	-	1,100,000	-		1,100,000
Transfers in	146,300	2,681,324	-	1,187,896	-	386,270	4,401,790
Transfers out	(1,404,324)	(25,000)	(200,000)	-	-	(2,772,466)	(4,401,790)
Total other financing sources (uses)	(1,258,024)	2,905,860	(200,000)	2,287,896	-	(2,386,196)	1,349,536
NET CHANGE IN FUND BALANCES	166,370	(298,377)	146,587	(151,536)	232,276	43,202	138,522
FUND BALANCES, BEGINNING OF YEAR	4,202,421	1,306,670	992,751	-	113,007	3,167,108	9,781,957
FUND BALANCES, END OF YEAR	$ 4,368,791	$ 1,008,293	$ 1,139,338	$ (151,536)	$ 345,283	$ 3,210,310	$ 9,920,479

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, 2015

Net change in fund balances - Governmental Funds		$ 138,522
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. When capital assets are disposed of the difference between original cost and depreciation and the proceeds are booked as a gain or (loss) on the sale. This entry takes into account the difference in how capital costs are treated between the Statement of Activities and the governmental fund statements.		
Expenditures for capital assets	$ 4,150,992	
Less current year depreciation	(3,968,371)	
Disposal of Capital Assets	(57,852)	
		124,769
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		(8,702)
The issuance of long-term debt (e.g. notes payable, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Proceeds from notes payable	(1,100,000)	
Proceeds from capital leases	(249,536)	
Principal payments on capital leases	55,656	(1,293,880)
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		(9,843)
Change in net pension liability which is not reported in governmental funds		1,423,805
Change in Net Position of Governmental Activities		$ 374,671

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Property taxes	$ 6,345,093	$ 6,435,093	$ 6,841,074	$ 405,981
Payments in lieu of taxes	680,000	680,000	937,943	257,943
Liquor tax apportionment	35,000	35,000	57,358	22,358
Cigarette tax apportionment	7,500	7,500	10,614	3,114
Oregon DEQ grant	10,000	10,000	-	(10,000)
Cultural trust grant	6,800	6,800	8,216	1,416
CREZ II public safety grant	-	75,000	75,000	-
Wolf depredation grant	3,675	3,675	3,675	-
Assessor grants	30,000	30,000	27,510	(2,490)
Assessor fees and other	18,300	18,300	17,011	(1,289)
Clerk, recorder fees, and grants	69,220	69,220	69,108	(112)
Veterans service office grants and other	27,850	27,850	27,065	(785)
District attorney grants and other	43,000	43,000	83,680	40,680
Emergency management grants	22,950	22,950	20,964	(1,986)
Health department fees	117,819	142,719	158,695	15,976
Health department grants and other	292,675	415,975	456,519	40,544
Juvenile court grants and other	30,000	30,000	30,869	869
State grant, assessment and taxation	103,600	103,600	138,382	34,782
Non-departmental fees and other	79,650	80,300	107,407	27,107
Planning fees and grants	27,750	27,750	21,148	(6,602)
Transfer station revenue and fees	38,400	38,400	38,880	480
Sheriff civil fees and other	196,225	196,225	148,113	(48,112)
Sheriff intergovernmental contracts	401,476	426,403	330,590	(95,813)
Justice court fines and other	219,000	219,000	248,600	29,600
Interest	15,000	15,000	24,769	9,769
Total revenues	8,820,983	9,159,760	9,883,190	723,430
EXPENDITURES:				
General government:				
County court	415,610	426,910	392,372	34,538
County accountant	270,522	271,022	264,940	6,082
Assessor	595,090	595,090	562,485	32,605
Treasurer	106,465	106,465	100,857	5,608
County clerk	288,489	288,489	266,375	22,114
Veteran's service officer	53,898	56,398	55,354	1,044
Juvenile	306,126	317,626	313,364	4,262
Planning department	314,381	314,381	241,338	73,043
County surveyor	7,765	8,415	8,211	204
Public works, administrator	64,050	68,050	67,737	313
Public works, general maintenance	308,697	330,697	315,479	15,218
Computer	121,000	151,000	128,006	22,994
Board of Property Tax Appeals	2,647	2,647	2,392	255
Solid waste transfer station - north	37,082	46,082	32,686	13,396
Solid waste transfer station - south	42,174	57,174	51,582	5,592
Non-departmental	1,457,214	1,508,844	963,501	545,343
Total general government	4,391,210	4,549,290	3,766,679	782,611

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Continued from previous page.				
EXPENDITURES (continued):				
Public Safety:				
District attorney	308,880	328,880	316,770	12,110
Justice of the peace	263,858	263,858	214,521	49,337
Sheriff	2,931,632	3,181,559	2,995,672	185,887
Emergency management	41,005	41,005	30,126	10,879
Total public safety	3,545,375	3,815,302	3,557,089	258,213
Heath:				
Health department	1,001,855	1,150,055	1,140,563	9,492
Total health	1,001,855	1,150,055	1,140,563	9,492
Cultural and recreation:				
Museum	10,300	10,300	10,300	-
Total cultural and recreation	10,300	10,300	10,300	-
Contingency	45,000	45,000	-	45,000
Total expenditures	8,993,740	9,569,947	8,474,631	1,095,316
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(172,757)	(410,187)	1,408,559	1,818,746
OTHER FINANCING SOURCES (USES):				
Transfers in	236,300	146,300	146,300	-
Transfers out	(1,378,324)	(1,404,324)	(1,404,324)	-
Total other financing sources (uses)	(1,142,024)	(1,258,024)	(1,258,024)	-
NET CHANGE IN FUND BALANCES	(1,314,781)	(1,668,211)	150,535	1,818,746
FUND BALANCES, BEGINNING	3,000,000	3,353,430	3,977,594	624,164
FUND BALANCES, ENDING	$ 1,685,219	$ 1,685,219	$ 4,128,129	$ 2,442,910

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Federal forest fees	$ 197,835	$ 197,835	$ 107,876	$ (89,959)
Licenses	911,592	911,592	884,809	(26,783)
Intergovernmental	428,711	428,711	222,017	(206,694)
Reimbursed items	11,000	81,830	131,531	49,701
Interest	4,000	4,000	3,624	(376)
Other	115,300	118,765	80,000	(38,765)
Total revenues	1,668,438	1,742,733	1,429,857	(312,876)
EXPENDITURES:				
Road department	3,932,310	4,291,860	4,098,739	193,121
Weed department	222,324	246,619	230,058	16,561
Capital equipment	41,628	41,628	36,687	4,941
Contingency	30,000	30,000	-	30,000
Total expenditures	4,226,262	4,610,107	4,365,484	244,623
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,557,824)	(2,867,374)	(2,935,627)	(68,253)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,681,324	2,681,324	2,681,324	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	2,656,324	2,656,324	2,656,324	-
NET CHANGE IN FUND BALANCES	98,500	(211,050)	(279,303)	(68,253)
FUND BALANCES, BEGINNING -	901,500	1,211,050	1,174,517	(36,533)
FUND BALANCES, ENDING	$ 1,000,000	$ 1,000,000	$ 895,214	$ (104,786)

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Landfill fees	$ 250,000	$ 250,000	$ 340,823	$ 90,823
Interest	6,000	6,000	5,764	(236)
Total revenues	256,000	256,000	346,587	90,587
EXPENDITURES:				
Contractual services	1,156,000	1,156,000	-	1,156,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(900,000)	(900,000)	346,587	1,246,587
OTHER FINANCING SOURCES (USES):				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCES	(1,100,000)	(1,100,000)	146,587	1,246,587
FUND BALANCES, BEGINNING	1,100,000	1,100,000	992,751	(107,249)
FUND BALANCES, ENDING	$ -	$ -	$ 1,139,338	$ 1,139,338

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

MORROW COUNTY, OREGON

Heppner Administrative Building Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ -	$ -	$ 860	$ 860
Total revenues	-	-	860	860
EXPENDITURES:				
Materials and services	-	3,500	2,940	560
Capital outlay	2,800,000	2,796,500	2,437,352	359,148
Total expenditures	2,800,000	2,800,000	2,440,292	359,708
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,800,000)	(2,800,000)	(2,439,432)	360,568
OTHER FINANCING SOURCES:				
Loan proceeds	1,800,000	1,800,000	1,100,000	(700,000)
Transfers in	600,000	1,187,896	1,187,896	-
Total other financing sources	2,400,000	2,987,896	2,287,896	(700,000)
NET CHANGE IN FUND BALANCES	(400,000)	187,896	(151,536)	(339,432)
FUND BALANCES, BEGINNING	400,000	400,000	-	(400,000)
FUND BALANCES, ENDING	$ -	$ 587,896	$ (151,536)	$ (739,432)

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

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Grants	$ 425,900	$ 425,900	$ 426,397	$ 497
Camping fees and other charges for services	99,580	99,580	397,032	297,452
State apportionment	116,300	116,300	128,486	12,186
Interest	-	-	317	317
Other	2,180	2,180	8,601	6,421
Total revenues	643,960	643,960	960,833	316,873
EXPENDITURES:				
Cutsforth park	71,000	77,000	62,868	14,132
Anson Wright park	66,310	81,310	70,549	10,761
OHV park	501,535	543,535	597,812	(54,277)
Contingency	30,000	30,000	-	30,000
Total expenditures	668,845	731,845	731,229	616
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,885)	(87,885)	229,604	317,489
FUND BALANCES, BEGINNING	24,885	87,885	111,429	23,544
FUND BALANCES, ENDING	$ -	$ -	$ 341,033	$ 341,033

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

MORROW COUNTY, OREGON

Agency Funds
Statement of Fiduciary Net Position
June 30, 2015

	Agency Funds
ASSETS:	
Cash and investments	$ 3,867,574
Taxes receivable	549,134
Total assets	4,416,708
LIABILITIES:	
Payable to other agencies	4,416,708
Total liabilities	4,416,708
NET POSITION	$ -

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

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 position 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, 2015.

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.

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 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.
- Finley Buttes Road Fund accounts for revenues collected in landfill fees that are designated to maintain the Bombing Range road section associated with landfill traffic.
- Heppner Admin Building Fund accounts for construction of the Heppner Administrative Building.
- Park Fund accounts for revenues and expenditures associated with the operation and maintenance of the County's parks.

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 position 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.

Inventories:

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

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. 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 is included as part of the capitalized value of the assets constructed. During the year, the County incurred $2,940 of interest expense for capital assets.

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

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.

Income taxes:

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

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.

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 recourses before assigned resources, and assigned resources before unassigned resources.

Fund balances by classification for the year ended June 30, 2015 were as follows:

	General	General Road	Finley Buttes Road	Heppner Admin Building	Park	Other Governmental	Total Governmental Funds
Fund Balances							
Restricted:							
Public safety	-	-	-	-	-	495,652	495,652
Highways and streets	-	1,008,293	1,139,338	-	-	-	2,147,631
Education	-	-	-	-	-	227	227
Other restrictions	-	-	-	-	-	205,306	205,306
Total restricted	-	1,008,293	1,139,338	-	-	701,185	2,848,816
Committed:							
Culture and recreation	-	-	-	-	345,283	319,362	664,645
Education	-	-	-	-	-	39,679	39,679
Capital projects	-	-	-	-	-	537,919	537,919
Economic development	-	-	-	-	-	605,690	605,690
Other committed		-	-	(151,536)	-	1,006,475	854,939
Total committed	-	-	-	(151,536)	345,283	2,509,125	2,702,872
Unassigned	4,368,791	-	-	-	-	-	4,368,791
Ending fund balance	$ 4,368,791	$ 1,008,293	$ 1,139,338	$ (151,536)	$ 345,283	$ 3,210,310	$ 9,920,479

Of the amount restricted for highways and streets, $1,008,293 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.

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.

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

Two supplemental budgets were adopted during the year ended June 30, 2015; total appropriations increased by $1,569,470.

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. For the year ended June 30, 2015, the County overexpended the budget of the following funds:

Park	OHV Park	$ 57,277
Special Transportation	Capital Outlay	$ 1,754
Justice Court Bail and Fine	Fine Turnover	$ 21,560

Fund deficit:

The following funds had a budgetary basis deficit fund balance as of June 30, 2015:

Heppner Administrative Building Fund	$ 151,536

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	$ 210,004
Petty cash	1,898
	211,902
Investments	
State of Oregon Local Government Investment Pool	13,331,764
Total cash and investments	$ 13,543,666

Cash and investments are reflected in the basic financial statements as follows:

Cash and investments - governmental activities	$ 9,676,092
Statement of Fiduciary Net Position	3,867,574
	$ 13,543,666

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, 2015, the total bank balances were $555,556. 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.

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.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 2,266,841	$ -	$ -	$ 2,266,841
Construction in progress	-	2,440,292	-	2,440,292
Total capital assets, not being depreciated	2,266,841	2,440,292	-	4,707,133
Capital assets, being depreciated:				
Buildings and improvements	12,260,727	560,644	-	12,821,371
Campsites and trails	775,763	62,511	-	838,274
Machinery and equipment	13,209,507	1,226,047	(778,675)	13,656,879
Bridges	23,035,652	-	-	23,035,652
Infrastructure	114,397,201	47,498	-	114,444,699
Total capital assets being depreciated	163,678,850	1,896,700	(778,675)	164,796,875
Less accumulated depreciation for:				
Buildings and improvements	(5,990,366)	(434,016)	-	(6,424,382)
Campsites and trails	(510,024)	(19,919)	-	(529,943)
Machinery and equipment	(9,000,530)	(660,277)	534,823	(9,125,984)
Bridges	(12,480,626)	(578,285)	-	(13,058,911)
Infrastructure	(51,841,851)	(2,275,874)	-	(54,117,725)
Total accumulated depreciation	(79,823,397)	(3,968,371)	534,823	(83,256,945)
Total capital assets being depreciated, net	83,855,453	(2,071,671)	(243,852)	81,539,930
Governmental activities capital assets, net	$ 86,122,294	$ 368,621	$ (243,852)	$ 86,247,063

Depreciation was charged to functions and programs as follows:

	Governmental activities
General government	$ 384,593
Public safety	406,415
Highways and streets	3,034,203
Cultural and recreation	135,329
Health	7,831
	$ 3,968,371

During the year ended June 30, 2015, various assets were disposed of or turned over for various entities to assume maintenance of these items and continue to use them. Proceeds from the sale of capital assets were $186,000. The net result of these various transactions is a $57,852 loss on the disposition of capital assets.

NOTE 5 - LONG TERM DEBT:

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.	$ 143,943
Lease purchase agreement payable at $26,987 annually, by the Road fund, including interest at 3.33%, collateralized by road equipment. The lease has a balloon payment of $150,000 in July 2015, with the remaining payments due each May. Final payment is due May 2019.	249,536
Lease purchase agreement payable at $1,289 per month, by the General Fund, including interest at 5.65%, collateralized by real estate in Boardman. Final payment is due in October 2019.	60,097
Lease purchase agreement payable at $41,270 annually, by the Road fund, including interest at 2.57%, collateralized by road equipment. The lease has a balloon payment of $185,000 in August 2017.	250,876
	$ 704,452

Changes to capital lease obligations consisted of the following:

	Governmental
Principal balance June 30, 2014	$ 510,572
New lease obligations	249,536
Payments	(82,900)
Interest included	27,244
Principal balance June 30, 2015	$ 704,452

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

	Governmental		
Fiscal Year	Payment	Interest	Principal
2016	$ 383,722	$ 18,914	$ 364,808
2017	83,721	10,446	73,275
2018	227,450	7,953	219,497
2019	42,451	1,666	40,785
2020	6,166	79	6,087
Total	$ 743,510	$ 39,058	$ 704,452

NOTE 5 - LONG TERM DEBT (continued):

The County entered into a note payable with Community Bank for the construction of the Administration Building in Heppner, Oregon during the year ended June 30, 2015. The agreement is for interest only payments due monthly at a rate of 1.58% until November 2016. Starting in November 2016, semi-annual principal and interest payments will be due each November and May for $189,998. The balance of the note payable on June 30, 2015 is $1,100,000. The total loan is expected to be $2,500,000 when construction is completed.

Future principal payments on this loan are as follows:

Fiscal Year		Principal
2016		$ -
2017		334,551
2018		346,676
2019		352,252
2020		357,861
2021-2025		1,108,660
	Total	$ 2,500,000

NOTE 6 – COMPENSATED ABSENCES:

The following is a summary of accumulated unpaid vacation pay transactions of the County for the year ended June 30, 2015:

Balance June 30, 2014	$ 375,546
Net change in benefits payable	9,843
Balance June 30, 2015	$ 385,389

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

NOTE 7 - DEFERRED INFLOWS OF RESOURCES:

Deferred revenue at June 30, 2015 consisted of the following:

	Governmental Funds	Statement of Net Position
Property taxes	$ 150,796	$ -

Property tax deferred revenues are shown as revenues in the government-wide financial statements.

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 fund 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, 2015 consisted of the following:

Due To	Due From	Amount
General Fund	STO Operating Fund	$ 1,500

The following are the County's interfund transfers for the year ended June 30, 2015. All transfers routinely occur between funds:

Transfer From	Transfer To	Purpose	Amount
General	Programming Res.	For purchase of software	$ 18,000
General	Victim/Witness	For general operations of Victim/Witness advocate	42,000
General	Heppner Admin Build.	For construction of Heppner admin building	600,000
General	Computer Res.	For purchase of computer equipment	18,000
General	General Road	For general operations of General Road	726,324
Finley Buttes Road	General Road	For improvements to County Road	200,000
General Road	Road Equip. Res.	For purchase of equipment	25,000
911 Emerg. Tele.	General	For general operations of the sheriff department	25,000
911 Emerg. Tele.	General	For reimbursement of indirect costs	12,000
Finley Buttes Lic.	General Road	For general operations & impr. of Co. Roads	1,125,000
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
Alcohol Enforcement	General	For general operations of the County	500
Video Lottery Econ. Develop.	Fair	For general operations of the Fair Fund	5,000
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	50,000
Building Permit Fees	General	For general operations of the planning department	25,000
Echo Wind Fees	General	For general operations of the County	20,000
Shepherds Flat Fees	Building Res.	For capital improvements to buildings	50,000
Shepherds Flat Fees	General Road	For general operations & impr. of Co. Roads	630,000
Shepherds Flat Fees	Road Equip. Res.	For purchases of equipment	200,000
Shepherds Flat Fees	Heppner Admin Build.	For construction of Heppner admin building	587,896
STO Operating Grant	Special Transportation	For general operations of the Special Trans. Fund	15,000
STO Operating Grant	General	For reimbursement of indirect costs	1,500
		Total	$ 4,401,790

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.

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, 2015, loans receivable and corresponding interest of $279,316 were outstanding. This balance is not expected to be collected with in one year.

The County expects to collect all receivables, no allowance is deemed necessary. Other Receivables at June 30, 2015 are as follows:

Receivable	General	General Road	Finley Buttes Road	Parks	Other Govern-mental	Total
Intergovernmental	$ 162,528	-	-	330,004	144,291	$ 636,823
Other shared taxes	7,286	81,399	-	-	-	88,685
Charges for services	138,214	21,909	28,893	155,230	135,901	480,147
Equity Fund loans	-	-	-	-	279,316	279,316
Equity Fund interest	-	-	-	-	5,913	5,913
	$ 308,028	$ 103,308	$ 28,893	$ 485,234	$ 565,421	$ 1,490,884

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 2015-2016 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:

		Budgeted Property tax Revenue
General fund	$	6,261,974
County school fund		19,167
Ione school fund		1,866
Fair fund		52,119
	$	6,335,126

After an allowance for expected delinquent tax payments, the County expects to collect at least the amount of property taxes budgeted for 2015-2016.

NOTE 14 -- TAXES:

County governmental funds received the following tax revenues:

Property taxes	$	6,921,053
Fuel tax apportionment		884,809
Payments in lieu of taxes		1,052,020
Other taxes		199,080
	$	9,056,962

NOTE 15 -- PRIOR PERIOD ADJUSTMENT:

The County reduced net position on June 30, 2014 by $6,486,550 because GASB 68 requires the County's net pension liability to be reported on the balance sheet using GASB 68 valuation methods. GASB 68 implementation is required for reporting periods beginning after June 15, 2014.

Balance as reported at June 30, 2014	$	94,806,253
Net pension obligation at June 30, 2014		371,379
Net pension liability at June 30, 2014		(6,789,577)
Deferred outflows of resources at June 30, 2014		393,080
Contributions subsequent to the measurement date		1,074,867
Deferred inflows of resources at June 30, 2014		(1,536,299)
Balance as adjusted at June 30, 2014	$	88,319,703

NOTE 16 -- INTERGOVERNMENTAL REVENUES:

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

Health department funds	$ 456,519
Park department funds	426,397
Community Corrections funds	331,806
Sheriff department grants	330,590
Road department funds	329,893
911 Emergency funds	261,042
Federal forest fees and federal mineral lease	139,790
Assessment and taxation funds	138,382
Video lottery apportionment	70,381
Victim/Witness assistance funds	40,495
Other federal and state funds	129,153
	$ 2,654,448

NOTE 17 -- 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, 2015, Morrow County received the following fees from the landfill operator:

Finley Buttes road fund	$ 340,823
Finley Buttes license fee fund	1,347,967
	$ 1,688,790

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, 2015, the balance of funds in the landfill closure agency fund was $1,162,889.

NOTE 18 -- 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. 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, 2014) can be obtained from officials at the Morrow County Courthouse in Heppner, Oregon. The plan was established on July 1, 1966, and was last restated effective July 1, 2010.

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:

(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.

NOTE 18 -- DEFINED BENEFIT PENSION PLAN (continued):

The following is a summary of plan participants at July 1, 2014:

Active members:	
Public safety	17
General	73
Total active	90
Inactive participants:	
Vested terminated	24
Non-vested terminated entitled to account balance	35
Retirees and beneficiaries	41
Total inactive	100
Total participants	190

B. Funding Policy and Net Pension Liability:

County employees are required to contribute 6% of their annual covered salary. The County uses actuarial reports to determine the recommended pension contribution percentages. For the fiscal year ended June 30, 2015, the recommended rate was 18.7% of covered payroll. The County contributed 18.7% of covered payroll for the fiscal year ended June 30, 2015. On July 1, 2015 the recommended rate increased to 19.4% of covered payroll for fiscal year ended June 30, 2015.

The components of the net pension liability of the Plan were as follows:

	June 30, 2013	June 30, 2014
Total pension liability	$23,270,986	$25,194,987
Plan fiduciary net position	16,481,409	19,434,147
Net pension liability	$ 6,789,577	$ 5,760,840
Fiduciary net position as a % of total pension liability	70.82%	77.13%
Covered payroll	$ 4,748,104	$ 4,800,421
Net pension liability as a % of covered payroll	143.00%	120.01%

C. Actuarial Methods and Assumptions:

Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 7.5%, discount rate on plan liabilities of 7.5%, an annual cost of living increase of 2.0%, and annual salary increase ranging from 7.5% percent in the first year of service, 6.25% in years 2-4, 4.75% in years 5-9, and 3.75% after 9 years of service. Mortality rates were based on the RP2000 Combined Health Mortality Table for Males and Females with one year setback.

NOTE 18 -- DEFINED BENEFIT PENSION PLAN (continued):

D. Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances June 30, 2013	$ 23,270,986	$ 16,481,409	$ 6,789,577
Changes for the year:			
Service cost	581,265	-	581,265
Interest on total pension liability	1,758,584	-	1,758,584
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	393,080	-	393,080
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(834,561)	(834,561)	-
Administrative expenses	-	(92,124)	92,124
Member contributions	25,633	25,633	-
Net investment income	-	2,778,923	(2,778,923)
Employer contributions	-	1,074,867	(1,074,867)
Balances as of June 30, 2014	$ 25,194,987	$ 19,434,147	$ 5,760,840

E. Sensitivity Analysis:

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percent lower (6.5%) or one percent higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Rate 7.5%	1% Increase 8.5%
Total pension liability	$ 28,638,442	$ 25,194,987	$ 22,334,279
Fiduciary net position	19,434,147	19,434,147	19,434,147
Net pension liability	$ 9,204,295	$ 5,760,840	$ 2,900,132

NOTE 18 -- DEFINED BENEFIT PENSION PLAN (continued):

F. Pension Expense:

	July 1, 2013 to June 30, 2014
Service cost	$ 581,265
Interest on total pension liability	1,758,854
Effect of plan changes	-
Administrative expenses	92,124
Expected investment return net of investment expenses	(1,242,624)
Recognition of deferred (inflows)outflows of resources:	
Recognition of economic/demographic (gains) or losses	103,442
Recognition of assumption changes or inputs	-
Recognition of investment (gains) or losses	(307,260)
Pension expense for the year ended June 30, 2014	$ 985,801

G. Deferred (Inflows) / Outflows of Resources:

As of June 30, 2015, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ 289,638
Changes in assumptions or inputs	-	-
Net difference between projected and actual earnings	(1,229,039)	-
Contributions made subsequent to measurement date		1,266,117
	$ (1,229,039)	$ 1,555,755

Deferred outflows of resources are presented as positive amounts. Deferred inflows or resources are presented as negative amounts.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	Annual Recognition
2015	$ (203,818)
2016	(203,818)
2017	(224,506)
2018	(307,260)

NOTE 18 -- DEFINED BENEFIT PENSION PLAN (continued):

H. Adoption of New Accounting Pronouncement:

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions.* This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the County are detailed below.

Net pension liability - Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred inflows of resources and deferred outflows of resources - Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

NOTE 19 -- 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):

Fund:	GAAP Basis Change in Fund Balances	Change in Compensated Absences	Budgetary Basis - Change in Fund Balances
General	$ 166,370	$ (15,835)	$ 150,535
General Road	(298,377)	19,074	(279,303)
911 Emergency Telephone	(183,976)	(515)	(184,491)
Fair	7,660	(1,434)	6,226
Special Transportation	27,145	(7,208)	19,937
Victim/Witness Assistance	8,680	2,045	10,725
Park	232,276	(2,672)	229,604
Community Corrections	21,521	(3,298)	18,223

NOTE 20 -- 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):

Fund:	GAAP Basis Fund Balances	Compensated Absences	Budgetary Basis Fund Balances
General Fund	4,368,791	$ (240,662)	$ 4,128,129
General Road	1,008,293	(113,079)	895,214
911 Emergency Telephone	187,004	(5,680)	181,324
Fair	58,663	(1,835)	56,828
Special Transportation	38,687	(7,208)	31,479
Victim/Witness Assistance	13,712	(4,550)	9,162
Park	345,283	(4,250)	341,033
Community Corrections	93,758	(8,124)	85,634

NOTE 21 -- 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 22 -- RELATED PARTY TRANSACTION:

The County has two loans outstanding to Morrow County Health District from the Equity Fund with a combined total balance of $176,456. 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.

NOTE 23 -- SUBSEQUENT EVENTS:

During the fiscal year ended June 30, 2014 the County purchased land adjacent to the current courthouse. The land will be used for a future administrative building. The purchase price and associated costs of the land was approximately $243,000. Construction began on October 1st 2014 with an estimated Guaranteed Maximum Price of $3.675 million for construction costs. The total cost of the project including land acquisition, construction, and other permits/fees, and professional services is estimated to be just under $4.3 million. A portion of the project cost is financed through a loan with Community Bank in the amount of $2.5 million. The remainder of the project cost is being funded through a combination of Morrow County funds derived from the SIP agreement for Caithness/Shepherds Flat wind project, and a temporary loan from the County General Fund dollars of $600,000 for initial cash outlay for the project which is scheduled to be repaid starting in fiscal year 2018 - 2019. Construction of the new administrative building was completed in November 2015.

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

REQUIRED SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Schedule of Changes in Total Pension Liability, Fiduciary Net Position and Related Ratios

		Year Ended June 30, 2014
Total Pension Liability		
Service cost	$	581,265
Interest on total pension liability		1,758,584
Effect of plan changes		-
Effect of economic/demographic (gains) or losses		393,080
Effect of assumptions changes or inputs		-
Benefit payments		(834,561)
Member contributions		25,633
Net change in total pension liability		1,924,001
Total pension liability, beginning		23,270,986
Total pension liability, ending		25,194,987
Fiduciary Net Position		
Employer contributions	$	1,074,867
Member contributions		25,633
Investment income net of investment expenses		2,778,923
Benefit payments		(834,561)
Administrative expenses		(92,124)
Net change in plan fiduciary net position		2,952,738
Fiduciary net position, beginning		16,481,409
Fiduciary net position, ending		19,434,147
Net pension liability, ending	$	5,760,840
Fiduciary net position as a % of total pension liability		77.13%
Covered payroll	$	4,800,421
Net pension liability as a % of covered payroll		120.01%

MORROW COUNTY, OREGON

Schedule of Employer Contributions

Fiscal Year Ending June 30,
(Dollar Amounts in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 1,110	$ 1,005	$ 1,133	$ 1,123	$ 835	$ 710	$ 684	$ 758	$ 735	$ 700
Actual employer contribution	1,075	909	896	1,089	835	710	684	758	735	700
Contribution deficiency (Excess)	(35)	(96)	(237)	(34)	-	-	-	-	-	-
Covered payroll	4,800	4,748	4,837	4,813	4,154	4,165	3,819	3,690	3,944	3,734
Contribution as a % of covered payroll	22.40%	19.14%	18.52%	22.63%	20.10%	17.05%	17.91%	20.54%	18.64%	18.75%
Valuation Date	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008	7/1/2007	7/1/2006	7/1/2005	7/1/2004
Investment Rate of Return Assumption	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

MORROW COUNTY, OREGON

Money -Weighted Rate of Return

Fiscal Year Ending June 30, 2014

The money-weighted rate of return is the internal rate of return on plan assets based on the amounts and timing of actual cash flows. External cash flows (contributions, benefit payments and administrative expenses) are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value - July 1, 2013	$ 16,481,409	12.00	1.00	$ 19,245,342
Monthly net external cash flows:				
July	22,965	11.00	0.96	26,644
August	(23,779)	10.00	0.88	(24,234)
September	62,513	9.00	0.79	70,676
October	12,964	8.00	0.71	14,469
November	(27,665)	7.00	0.63	(30,469)
December	123,392	6.00	0.54	134,202
January	(79,217)	5.00	0.46	(85,051)
February	27,981	4.00	0.38	29,656
March	77,537	3.00	0.29	81,124
April	(84,633)	2.00	0.21	(87,411)
May	3,988	1.00	0.13	4,066
June	57,759	0.00	0.04	58,133
Ending Value - June 30, 2014	19,434,147			
Money - Weighted Rate of Return	16.77%			

Schedule of Investment Returns

Fiscal Year Ending June 30,	Money-Weighted Rate of Return Net of Investment Expenses
2014	16.77%
2013	N/A
2012	N/A
2011	N/A
2010	N/A
2009	N/A
2008	N/A
2007	N/A
2006	N/A
2005	N/A

OTHER SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Non-Major Governmental Funds
June 30, 2015

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
- Building Permit Fees Fund
- Equity Fund
- Liquor Control Fund
- Water Planning Fund
- Forest Service
- Court Security Fund
- Echo Wind Fees Fund
- Shepherds Flat 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, 2015

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:			
Cash	$ 2,267,883	$ 539,562	$ 2,807,445
Property taxes receivable	2,139	-	2,139
Other receivables	565,421	-	565,421
Total assets	$ 2,835,443	$ 539,562	$ 3,375,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 143,845	$ 1,643	$ 145,488
Accrued payroll and payroll taxes payable	15,965	-	15,965
Due to other funds	1,500	-	1,500
Total liabilities	161,310	1,643	162,953
DEFERRED INFLOWS OF RESOURCES:			
Deferred property taxes	1,742	-	1,742
FUND BALANCES:			
Restricted	701,185	-	701,185
Committed	1,971,206	537,919	2,509,125
Total fund balances	2,672,391	537,919	3,210,310
Total fund balances and liabilities	$ 2,835,443	$ 539,562	$ 3,375,005

MORROW COUNTY, OREGON

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	$ 194,060	$ -	$ 194,060
Intergovernmental	958,972	26,100	985,072
Fees, fines and charges for services	3,588,570	3,575	3,592,145
Interest	18,827	2,184	21,011
Miscellaneous	11,716	-	11,716
Total revenues	4,772,145	31,859	4,804,004
EXPENDITURES:			
General government	477,785	-	477,785
Public safety	1,092,195	-	1,092,195
Culture and recreation	192,932	-	192,932
Education	177,883	-	177,883
Capital outlay	220,562	213,249	433,811
Total expenditures	2,161,357	213,249	2,374,606
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,610,788	(181,390)	2,429,398
OTHER FINANCING SOURCES (USES):			
Operating transfers in	68,270	318,000	386,270
Operating transfers out	(2,772,466)	-	(2,772,466)
Total other financing sources (uses)	(2,704,196)	318,000	(2,386,196)
NET CHANGE IN FUND BALANCES	(93,408)	136,610	43,202
FUND BALANCE, BEGINNING OF YEAR	2,765,799	401,309	3,167,108
FUND BALANCE, END OF YEAR	$ 2,672,391	$ 537,919	$ 3,210,310

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds
June 30, 2015

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, 2015

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.
- **Building Permit Fees Fund -** accounts for building permit fees received by the County.
- **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.
- **Shepherd Flat Fees Fund -** accounts for revenues and expenditures associated with the Shepherd Flat 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, 2015

	Heritage	Commission on Children and Families	Airport	Law Library	911 Emergency Telephone	Surveyor Preserve-tion	Finley Buttes Lic. Fees	County School
ASSETS:								
Cash	$ 17,538	$ 65,737	$ 4,152	$ 34,128	$ 129,938	$ 220,440	$ 236,839	$ 103
Property taxes receivable	-	-	-	-	-	-	-	560
Other receivables	-	-	8,702	6,085	65,755	-	113,523	-
Total assets	$ 17,538	$ 65,737	$ 12,854	$ 40,213	$ 195,693	$ 220,440	$ 350,362	$ 663
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ 216	$ -	$ 11,443	$ 534	$ 3,386	$ -	$ 1,533	$ -
Accrued payroll and payroll taxes payable	-	-	-	-	5,303	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	216	-	11,443	534	8,689	-	1,533	-
DEFERRED INFLOWS OF RESOURCES:								
Deferred property taxes	-	-	-	-	-	-	-	456
FUND BALANCES:								
Restricted	-	65,737	-	-	187,004	-	-	207
Committed	17,322	-	1,411	39,679	-	220,440	348,829	-
Total fund balances	17,322	65,737	1,411	39,679	187,004	220,440	348,829	207
	$ 17,538	$ 65,737	$ 12,854	$ 40,213	$ 195,693	$ 220,440	$ 350,362	$ 663

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2015

Continued from previous page.

	Ione School	Fair	Special Trans-portation	Alcohol Enforcement	Video Lottery Economic Development	Victim/ Witness Assistance	Willow Creek Wind	CAMI Grant
ASSETS:								
Cash	$ 10	$ 64,076	$ 7,237	$ 22,921	$ 13,941	$ 6,514	$ 2,843	$ 64,129
Property taxes receivable	55	1,524	-	-	-	-	-	-
Other receivables	-	-	40,000	50	-	8,989	-	-
Total assets	$ 65	$ 65,600	$ 47,237	$ 22,971	$ 13,941	$ 15,503	$ 2,843	$ 64,129
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ -	$ 4,621	$ 7,752	$ 125	$ 140	$ 254	$ -	$ 55
Accrued payroll and payroll taxes payable	-	1,075	798	-	-	1,537	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	5,696	8,550	125	140	1,791	-	55
DEFERRED INFLOWS OF RESOURCES:								
Deferred property taxes	45	1,241	-	-	-	-	-	-
FUND BALANCES:								
Restricted	20	-	-	22,846	13,801	13,712	-	64,074
Committed	-	58,663	38,687	-	-	-	2,843	-
Total fund balances	20	58,663	38,687	22,846	13,801	13,712	2,843	64,074
	$ 65	$ 65,600	$ 47,237	$ 22,971	$ 13,941	$ 15,503	$ 2,843	$ 64,129

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2015

Continued from previous page.

	Safety Committee	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Building Permit Fees	Equity	Liquor Control
ASSETS:								
Cash	$ 16,923	$ 23,554	$ 116,220	$ 11,767	$ 23,620	$ 341,236	$ 325,006	$ 799
Property taxes receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	-	14	-	11,802	285,229	-
Total assets	$ 16,923	$ 23,554	$ 116,220	$ 11,781	$ 23,620	$ 353,038	$ 610,235	$ 799
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ 686	$ 617	$ 103,246	$ -	$ -	$ -	$ 4,545	$ -
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	686	617	103,246	-	-	-	4,545	-
DEFERRED INFLOWS OF RESOURCES:								
Deferred property taxes	-	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	-	-	12,974	-	23,620	-	-	799
Committed	16,237	22,937	-	11,781	-	353,038	605,690	-
Total fund balances	16,237	22,937	12,974	11,781	23,620	353,038	605,690	799
	$ 16,923	$ 23,554	$ 116,220	$ 11,781	$ 23,620	$ 353,038	$ 610,235	$ 799

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MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2015

Continued from previous page.

	Water Planning	Forest Service	Court Security	Echo Wind Fees	Shepherds Flat Fees	STO Operating Grant	Comm. Corrections Fund	Totals
ASSETS:								
Cash	$ 1,350	$ 53,744	$ 139,201	$ 25,356	$ 206,943	$ (5,550)	$ 97,168	$ 2,267,883
Property taxes receivable	-	-	-	-	-	-	-	2,139
Other receivables	-	-	1,772	-	-	15,000	8,500	565,421
Total assets	$ 1,350	$ 53,744	$ 140,973	$ 25,356	$ 206,943	$ 9,450	$ 105,668	$ 2,835,443
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ -	$ -	$ 34	$ -	$ -	$ -	$ 4,658	$ 143,845
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	7,252	15,965
Due to other funds	-	-	-	-	-	1,500	-	1,500
Total liabilities	-	-	34	-	-	1,500	11,910	161,310
DEFERRED INFLOWS OF RESOURCES:								
Deferred property taxes	-	-	-	-	-	-	-	1,742
FUND BALANCES:								
Restricted	-	53,744	140,939	-	-	7,950	93,758	701,185
Committed	1,350	-	-	25,356	206,943	-	-	1,971,206
Total fund balances	1,350	53,744	140,939	25,356	206,943	7,950	93,758	2,672,391
	$ 1,350	$ 53,744	$ 140,973	$ 25,356	$ 206,943	$ 9,450	$ 105,668	$ 2,835,443

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Heritage	Commission on Children/ Families	Airport	Law Library	911 Emergency Telephone	Surveyor Preserva-tion	Finley Buttes Lic. Fees	County School
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 125,937
Intergovernmental	-	-	74,885	-	261,042	-	-	32,160
Fees, fines, and charges for services	-	-	38,841	11,310	-	13,481	1,347,967	-
Interest	90	348	73	174	1,323	1,091	582	32
Miscellaneous	-	-	2,050	-	-	-	-	-
Total revenues	90	348	115,849	11,484	262,365	14,572	1,348,549	158,129
EXPENDITURES:								
General government	-	-	44,489	-	-	-	29,873	-
Public safety	-	-	-	-	298,310	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	432	-	-	-	-	1,815	-	-
Education	-	-	-	5,216	-	-	-	158,692
Capital outlay	-	-	72,056	-	111,031	-	-	-
Total expenditures	432	-	116,545	5,216	409,341	1,815	29,873	158,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(342)	348	(696)	6,268	(146,976)	12,757	1,318,676	(563)
OTHER FINANCING SOURCES (USES):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(37,000)	-	(1,125,000)	-
Total other financing sources (uses)	-	-	-	-	(37,000)	-	(1,125,000)	-
NET CHANGE IN FUND BALANCES:	(342)	348	(696)	6,268	(183,976)	12,757	193,676	(563)
FUND BALANCE, BEGINNING OF YEAR	17,664	65,389	2,107	33,411	370,980	207,683	155,153	770
FUND BALANCE, END OF YEAR	$ 17,322	$ 65,737	$ 1,411	$ 39,679	$ 187,004	$ 220,440	$ 348,829	$ 207

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MORROW COUNTY, OREGON

Continued from previous page.

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Ione School	Fair	Special Trans-portation	Alcohol Enforce-ment	Video Lottery Econ. Develop.	Victim/ Witness Assistance	Willow Creek Wind	CAMI Grant
REVENUES:								
Taxes	$ 11,140	$ 56,983	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	2,788	50,978	57,471	-	70,381	40,495	-	18,216
Fees, fines, and charges for services	-	31,810	2,620	603	-	-	44,636	-
Interest	3	225	46	115	46		87	350
Miscellaneous	-	2,547	-	-	-	119	-	-
Total revenues	13,931	142,543	60,137	718	70,427	40,614	44,723	18,566
EXPENDITURES:								
General government	-	-	44,238	-	36,774	-	-	24,033
Public safety	-	-	-	-	-	73,934	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	129,178	-	-	-	-	-	-
Education	13,975	-	-	-	-	-	-	-
Capital outlay	-	3,705	1,754	-	-	-	-	-
Total expenditures	13,975	132,883	45,992	-	36,774	73,934	-	24,033
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44)	9,660	14,145	718	33,653	(33,320)	44,723	(5,467)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	5,000	15,000	-	-	42,000	-	-
Operating transfers out	-	(7,000)	(2,000)	(500)	(21,570)	-	(50,000)	-
Total other financing sources (uses)	-	(2,000)	13,000	(500)	(21,570)	42,000	(50,000)	-
NET CHANGE IN FUND BALANCES:	(44)	7,660	27,145	218	12,083	8,680	(5,277)	(5,467)
FUND BALANCE, BEGINNING OF YEAR	64	51,003	11,542	22,628	1,718	5,032	8,120	69,541
FUND BALANCE, END OF YEAR	$ 20	$ 58,663	$ 38,687	$ 22,846	$ 13,801	$ 13,712	$ 2,843	$ 64,074

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MORROW COUNTY, OREGON

Continued from previous page.

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Safety Committee	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Building Permit Fees	Equity	Liquor Control
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Fees, fines, and charges for services	-	62,422	365,934	1,611	500	89,120	-	-
Interest	89	111	-	56	119	1,562	7,282	4
Miscellaneous	7,000	-	-	-	-	-	-	-
Total revenues	7,089	62,533	365,934	1,667	619	90,682	7,282	4
EXPENDITURES:								
General government	5,051	-	-	-	-	-	6,545	-
Public safety	-	-	362,061	-	144	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	61,507	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-		-	-	-	-	-	-
Total expenditures	5,051	61,507	362,061	-	144	-	6,545	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,038	1,026	3,873	1,667	475	90,682	737	4
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	6,270	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(25,000)	-	-
Total other financing sources (uses)	-	6,270	-	-	-	(25,000)	-	-
NET CHANGE IN FUND BALANCES:	2,038	7,296	3,873	1,667	475	65,682	737	4
FUND BALANCE, BEGINNING OF YEAR	14,199	15,641	9,101	10,114	23,145	287,356	604,953	795
FUND BALANCE, END OF YEAR	$ 16,237	$ 22,937	$ 12,974	$ 11,781	$ 23,620	$ 353,038	$ 605,690	$ 799

Continued on next page.

MORROW COUNTY, OREGON

Continued from previous page.

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Water Planning	Forest Service	Court Security	Echo Wind Fees	Shepherds Flat Fees	STO Operating Grant	Comm. Corrections Fund	Totals
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 194,060
Intergovernmental	-	-	-	-	-	18,750	331,806	958,972
Fees, fines, and charges for services	-	-	12,865	45,222	1,475,619	-	44,009	3,588,570
Interest	-	331	682	119	3,188	32	667	18,827
Miscellaneous	-	-	-	-	-	-	-	11,716
Total revenues	-	331	13,547	45,341	1,478,807	18,782	376,482	4,772,145
EXPENDITURES:								
General government	-	-	-	-	277,781	9,001	-	477,785
Public safety	-	-	2,785	-	-	-	354,961	1,092,195
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	192,932
Education	-	-	-	-	-	-	-	177,883
Capital outlay	-	21,413	-	-	10,603	-	-	220,562
Total expenditures	-	21,413	2,785	-	288,384	9,001	354,961	2,161,357
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(21,082)	10,762	45,341	1,190,423	9,781	21,521	2,610,788
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	68,270
Operating transfers out	-	-	-	(20,000)	(1,467,896)	(16,500)	-	(2,772,466)
Total other financing sources (uses)	-	-	-	(20,000)	(1,467,896)	(16,500)	-	(2,704,196)
NET CHANGE IN FUND BALANCES:	-	(21,082)	10,762	25,341	(277,473)	(6,719)	21,521	(93,408)
FUND BALANCE, BEGINNING OF YEAR	1,350	74,826	130,177	15	484,416	14,669	72,237	2,765,799
FUND BALANCE, END OF YEAR	$ 1,350	$ 53,744	$ 140,939	$ 25,356	$ 206,943	$ 7,950	$ 93,758	$ 2,672,391

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 75	$ 75	$ 90	$ 15
Total revenues	75	75	90	15
EXPENDITURES:				
Materials and services	17,675	17,675	432	17,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,600)	(17,600)	(342)	17,258
FUND BALANCES, BEGINNING	17,600	17,600	17,664	64
FUND BALANCES, ENDING	$ -	$ -	$ 17,322	$ 17,322

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ -	$ -	$ 348	$ 348
Total revenues	-	-	348	348
EXPENDITURES:	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	348	348
NET CHANGE IN FUND BALANCES	-	-	348	348
FUND BALANCES, BEGINNING	-	-	65,389	65,389
FUND BALANCES, ENDING	$ -	$ -	$ 65,737	$ 65,737

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Grants and other	$ 156,000	$ 156,000	$ 74,885	$ (81,115)
Rental and leases	15,180	15,180	13,260	(1,920)
Charges for services	20,000	24,476	25,581	1,105
Interest	75	75	73	(2)
Miscellaneous revenue	-	-	2,050	2,050
Total revenues	191,255	195,731	115,849	(79,882)
EXPENDITURES:				
Personnel services	2,600	2,600	1,600	1,000
Materials and services	40,600	50,076	42,889	7,187
Capital outlay	150,580	150,580	72,056	78,524
Contingency	18,975	13,975	-	13,975
Total expenditures	212,755	217,231	116,545	100,686
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,500)	(21,500)	(696)	20,804
NET CHANGE IN FUND BALANCES	(21,500)	(21,500)	(696)	20,804
FUND BALANCES, BEGINNING	21,500	21,500	2,107	(19,393)
FUND BALANCES, ENDING	$ -	$ -	$ 1,411	$ 1,411

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
State court, clerk fees	$ 5,000	$ 5,000	$ 11,310	$ 6,310
Interest	150	150	174	24
Total revenues	5,150	5,150	11,484	6,334
EXPENDITURES:				
Materials and services	38,150	38,150	5,216	32,934
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,000)	(33,000)	6,268	39,268
FUND BALANCES, BEGINNING	33,000	33,000	33,411	411
FUND BALANCES, ENDING	$ -	$ -	$ 39,679	$ 39,679

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
State 911 apportionment	$ 184,336	$ 184,336	$ 261,042	$ 76,706
Interest	2,000	2,000	1,323	(677)
Other	500	500	-	(500)
Total revenues	186,836	186,836	262,365	75,529
EXPENDITURES:				
Personnel services	286,812	295,812	275,478	20,334
Materials and services	56,650	36,650	23,347	13,303
Capital outlay	29,000	130,000	111,031	18,969
Contingency	50,000	-	-	-
Total expenditures	422,462	462,462	409,856	52,606
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(235,626)	(275,626)	(147,491)	128,135
OTHER FINANCING SOURCES (USES):				
Transfers out	(37,000)	(37,000)	(37,000)	-
NET CHANGE IN FUND BALANCES	(272,626)	(312,626)	(184,491)	128,135
FUND BALANCES, BEGINNING	272,626	312,626	365,815	53,189
FUND BALANCES, ENDING	$ -	$ -	$ 181,324	$ 181,324

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Charges for services	$ 15,000	$ 15,000	$ 13,481	$ (1,519)
Interest	950	950	1,091	141
Total revenues	15,950	15,950	14,572	(1,378)
EXPENDITURES:				
Materials and services	222,700	222,700	1,815	220,885
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(206,750)	(206,750)	12,757	219,507
FUND BALANCES, BEGINNING	206,750	206,750	207,683	933
FUND BALANCES, ENDING	$ -	$ -	$ 220,440	$ 220,440

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Landfill license fees	$ 1,150,000	$ 1,150,000	$ 1,347,967	$ 197,967
Interest	700	700	582	(118)
Total revenues	1,150,700	1,150,700	1,348,549	197,849
EXPENDITURES:				
Materials and services	40,700	40,700	29,873	10,827
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,110,000	1,110,000	1,318,676	208,676
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	-
NET CHANGE IN FUND BALANCES	(15,000)	(15,000)	193,676	208,676
FUND BALANCES, BEGINNING	15,000	15,000	155,153	140,153
FUND BALANCES, ENDING	$ -	$ -	$ 348,829	$ 348,829

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Property taxes	$ 19,415	$ 19,415	$ 20,956	$ 1,541
Federal forest rentals (25%)	57,803	57,803	32,160	(25,643)
In lieu of taxes	93,300	93,300	104,981	11,681
Interest	30	30	32	2
Total revenues	170,548	170,548	158,129	(12,419)
EXPENDITURES:				
Tax turnovers	170,798	170,798	158,692	12,106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(250)	(250)	(563)	(313)
FUND BALANCES, BEGINNING	250	250	770	520
FUND BALANCES, ENDING	$ -	$ -	$ 207	$ 207

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Property taxes	$ 1,886	$ 1,886	$ 2,041	$ 155
Federal forest rentals	4,704	4,704	2,788	(1,916)
In lieu of taxes	8,300	8,300	9,099	799
Interest	3	3	3	-
Total revenues	14,893	14,893	13,931	(962)
EXPENDITURES:				
Tax turnovers	14,913	14,913	13,975	938
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20)	(20)	(44)	(24)
FUND BALANCES, BEGINNING	20	20	64	44
FUND BALANCES, ENDING	$ -	$ -	$ 20	$ 20

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Gate admissions	$ 7,000	$ 7,000	$ 4,588	$ (2,412)
Concessions	800	800	1,539	739
Rental of facilities	4,200	4,200	6,315	2,115
Donations	1,050	1,050	393	(657)
Sponsors and premium book advertising	5,500	5,500	18,975	13,475
Other	2,100	2,100	2,547	447
Intergovernmental (Oregon State)	50,000	50,000	50,978	978
Property taxes	52,679	52,679	56,983	4,304
Interest	200	200	225	25
Total revenues	123,529	123,529	142,543	19,014
EXPENDITURES:				
Administrative and non-departmental	83,811	83,811	53,321	30,490
Fair	80,590	89,715	75,636	14,079
Queen and court	6,650	6,650	1,988	4,662
Multipurpose buildings	4,050	4,050	2,447	1,603
St. Pats event	2,905	2,905	925	1,980
Operating contingency	8,000	8,000	-	8,000
Total expenditures	186,006	195,131	134,317	60,814
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,477)	(71,602)	8,226	79,828
OTHER FINANCING SOURCES (USES):				
Operating loan proceeds	25,000	25,000	-	(25,000)
Transfers in	5,000	5,000	5,000	-
Transfers out	(7,000)	(7,000)	(7,000)	-
Total other financing sources (uses)	23,000	23,000	(2,000)	(25,000)
NET CHANGE IN FUND BALANCES	(39,477)	(48,602)	6,226	54,828
FUND BALANCES, BEGINNING	41,477	50,602	50,602	-
FUND BALANCES, ENDING	$ 2,000	$ 2,000	$ 56,828	$ 54,828

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Grants	$ 40,000	$ 40,000	$ 57,471	$ 17,471
Bus receipts and other	1,200	1,200	2,620	1,420
Interest	80	80	46	(34)
Total revenues	41,280	41,280	60,137	18,857
EXPENDITURES:				
Personal services	12,607	12,607	10,371	2,236
Materials and services	43,550	43,550	41,075	2,475
Capital outlay	-	-	1,754	(1,754)
Contingency	5,000	5,000	-	5,000
Total expenditures	61,157	61,157	53,200	7,957
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,877)	(19,877)	6,937	26,814
OTHER FINANCING SOURCES (USES):				
Transfers in	15,000	15,000	15,000	-
Transfers out	(17,000)	(17,000)	(2,000)	15,000
Total other financing sources (uses)	(2,000)	(2,000)	13,000	15,000
NET CHANGE IN FUND BALANCES	(21,877)	(21,877)	19,937	41,814
FUND BALANCES, BEGINNING	21,877	21,877	11,542	(10,335)
FUND BALANCES, ENDING	$ -	$ -	$ 31,479	$ 31,479

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Fines and forfeits	$ 2,000	$ 2,000	$ 603	$ (1,397)
Interest	75	75	115	40
Total revenues	2,075	2,075	718	(1,357)
EXPENDITURES:				
Materials and services	3,000	3,000	-	3,000
Capital outlay	3,000	3,000	-	3,000
Total expenditures	6,000	6,000	-	6,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,925)	(3,925)	718	4,643
OTHER FINANCING SOURCES (USES):				
Transfers out	(500)	(500)	(500)	-
NET CHANGE IN FUND BALANCES	(4,425)	(4,425)	218	4,643
FUND BALANCES, BEGINNING	20,500	20,500	22,628	2,128
FUND BALANCES, ENDING	$ 16,075	$ 16,075	$ 22,846	$ 6,771

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Video lottery	$ 69,200	$ 69,200	$ 70,381	$ 1,181
Interest	50	50	46	(4)
Total revenues	69,250	69,250	70,427	1,177
EXPENDITURES:				
Materials and services	51,000	51,000	36,774	14,226
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,250	18,250	33,653	15,403
OTHER FINANCING SOURCES (USES):				
Transfers out	(21,570)	(21,570)	(21,570)	-
NET CHANGE IN FUND BALANCES	(3,320)	(3,320)	12,083	15,403
FUND BALANCES, BEGINNING	3,320	3,320	1,718	(1,602)
FUND BALANCES, ENDING	$ -	$ -	$ 13,801	$ 13,801

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
State apportionment	$ 37,863	$ 37,863	$ 40,495	$ 2,632
Other	-	-	119	119
Total revenues	37,863	37,863	40,614	2,751
EXPENDITURES:				
Personal services	79,060	79,060	71,539	7,521
Materials and services	3,100	3,100	350	2,750
Total expenditures	82,160	82,160	71,889	10,271
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,297)	(44,297)	(31,275)	13,022
OTHER FINANCING SOURCES:				
Transfers in	42,000	42,000	42,000	-
NET CHANGE IN FUND BALANCES	(2,297)	(2,297)	10,725	13,022
FUND BALANCES, BEGINNING	2,297	2,297	(1,563)	(3,860)
FUND BALANCES, ENDING	$ -	$ -	$ 9,162	$ 9,162

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Wind fees	$ 49,900	$ 49,900	$ 44,636	$ (5,264)
Interest	100	100	87	(13)
Total revenues	50,000	50,000	44,723	(5,277)
EXPENDITURES:				
Other requirements	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	50,000	50,000	44,723	(5,277)
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(50,000)	(50,000)	-
FUND BALANCES, BEGINNING	-	-	8,120	8,120
FUND BALANCES, ENDING	$ -	$ -	$ 2,843	$ 2,843

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Grants	$ 20,598	$ 20,598	$ 18,216	$ (2,382)
Interest	325	325	350	25
Total revenues	20,923	20,923	18,566	(2,357)
EXPENDITURES:				
Materials and services	23,000	30,800	24,033	6,767
Capital outlay	5,000	-	-	-
Total expenditures	28,000	30,800	24,033	6,767
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,077)	(9,877)	(5,467)	4,410
FUND BALANCES, BEGINNING	7,077	9,877	69,541	59,664
FUND BALANCES, ENDING	$ -	$ -	$ 64,074	$ 64,074

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
SAIF dividend	$ 7,000	$ 7,000	$ 7,000	$ -
Interest	45	45	89	44
Total revenues	7,045	7,045	7,089	44
EXPENDITURES:				
Materials and services	21,045	21,045	5,051	15,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,000)	(14,000)	2,038	16,038
NET CHANGE IN FUND BALANCES	(14,000)	(14,000)	2,038	16,038
FUND BALANCES, BEGINNING	14,000	14,000	14,199	199
FUND BALANCES, ENDING	$ -	$ -	$ 16,237	$ 16,237

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Gate admissions	$ 14,600	$ 14,600	$ 15,230	$ 630
Concessions	10,400	10,400	14,537	4,137
Rodeo entry fees and others	4,200	4,200	5,035	835
Rodeo sponsor fees	7,850	7,850	7,220	(630)
Donations	18,150	18,150	18,400	250
Other	2,000	2,000	2,000	-
Interest	80	80	111	31
Total revenues	57,280	57,280	62,533	5,253
EXPENDITURES:				
Materials and services	69,150	69,150	61,507	7,643
Capital outlay	2,000	2,000	-	2,000
Contingency	7,917	7,917	-	7,917
Total expenditures	79,067	79,067	61,507	17,560
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,787)	(21,787)	1,026	22,813
OTHER FINANCING SOURCES:				
Transfers in	6,270	6,270	6,270	-
NET CHANGE IN FUND BALANCES	(15,517)	(15,517)	7,296	22,813
FUND BALANCES, BEGINNING	15,517	15,517	15,641	124
FUND BALANCES, ENDING	$ -	$ -	$ 22,937	$ 22,937

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Fines	$ 331,400	$ 331,400	$ 365,934	$ 34,534
EXPENDITURES:				
Fine turnover	331,400	340,501	362,061	(21,560)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,101)	3,873	12,974
FUND BALANCES, BEGINNING	-	9,101	9,101	-
FUND BALANCES, ENDING	$ -	$ -	$ 12,974	$ 12,974

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Records fees	$ 1,800	$ 1,800	$ 1,611	$ (189)
Interest	50	50	56	6
Total revenues	1,850	1,850	1,667	(183)
EXPENDITURES:				
Materials and services	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,150)	(3,150)	1,667	4,817
FUND BALANCES, BEGINNING	3,150	3,150	10,114	6,964
FUND BALANCES, ENDING	$ -	$ -	$ 11,781	$ 11,781

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Court ordered fees	$ 1,000	$ 1,000	$ 500	$ (500)
Interest	100	100	119	19
Total revenues	1,100	1,100	619	(481)
EXPENDITURES:				
Materials and services	26,550	26,550	144	26,406
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,450)	(25,450)	475	25,925
FUND BALANCES, BEGINNING	25,450	25,450	23,145	(2,305)
FUND BALANCES, ENDING	$ -	$ -	$ 23,620	$ 23,620

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Building permit fees	$ 75,000	$ 75,000	$ 89,120	$ 14,120
Interest	400	400	1,562	1,162
Total revenues	75,400	75,400	90,682	15,282
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	75,400	75,400	90,682	15,282
OTHER FINANCING SOURCES (USES):				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCES	50,400	50,400	65,682	15,282
FUND BALANCES, BEGINNING	182,000	182,000	287,356	105,356
FUND BALANCES, ENDING	$ 232,400	$ 232,400	$ 353,038	$ 120,638

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest-Loans	$ 7,500	$ 7,500	$ 5,913	$ (1,587)
Interest	1,000	1,000	1,369	369
Total revenues	8,500	8,500	7,282	(1,218)
EXPENDITURES:				
Materials and services	18,500	18,500	6,545	11,955
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(10,000)	737	10,737
FUND BALANCES, BEGINNING	10,000	10,000	604,953	594,953
FUND BALANCES, ENDING	$ -	$ -	$ 605,690	$ 605,690

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 4	$ 4	$ 4	$ -
Total Revenues	4	4	4	-
EXPENDITURES:				
Materials and services	799	799	-	799
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(795)	(795)	4	799
FUND BALANCES, BEGINNING	795	795	795	-
FUND BALANCES, ENDING	$ -	$ -	$ 799	$ 799

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Grant revenue	$ -	$ -	$ -	$ -
EXPENDITURES	1,350	1,350	-	1,350
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,350)	(1,350)	-	1,350
FUND BALANCES, BEGINNING	1,350	1,350	1,350	-
FUND BALANCES, ENDING	$ -	$ -	$ 1,350	$ 1,350

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
State apportionment	$ 5,330	$ 5,330	$ -	$ (5,330)
Interest	325	325	331	6
Total revenues	5,655	5,655	331	(5,324)
EXPENDITURES:				
Materials and services	88,755	88,755	21,413	67,342
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(83,100)	(83,100)	(21,082)	62,018
FUND BALANCES, BEGINNING	83,100	83,100	74,826	(8,274)
FUND BALANCES, ENDING	$ -	$ -	$ 53,744	$ 53,744

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Court security	$ 15,000	$ 15,000	$ 12,865	$ (2,135)
Interest	500	500	682	182
Total revenues	15,500	15,500	13,547	(1,953)
EXPENDITURES:				
Materials and services	121,500	121,500	2,785	118,715
Capital outlay	10,000	10,000	-	10,000
Total expenditures	131,500	131,500	2,785	128,715
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(116,000)	(116,000)	10,762	126,762
FUND BALANCES, BEGINNING	126,000	126,000	130,177	4,177
FUND BALANCES, ENDING	$ 10,000	$ 10,000	$ 140,939	$ 130,939

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Wind fees	$ 20,000	$ 20,000	$ 45,222	$ 25,222
Interest	-	-	119	119
Total revenues	20,000	20,000	45,341	25,341
EXPENDITURES:				
Other requirements	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	20,000	20,000	45,341	25,341
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,000)	(20,000)	(20,000)	-
FUND BALANCES, BEGINNING	-	-	15	15
FUND BALANCES, ENDING	$ -	$ -	$ 25,356	$ 25,356

MORROW COUNTY, OREGON

Shepherds Flat Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Wind fees	$ 1,435,500	$ 1,472,174	$ 1,475,619	$ 3,445
Interest	1,000	2,306	3,188	882
Total revenues	1,436,500	1,474,480	1,478,807	4,327
EXPENDITURES:				
Materials and services	376,000	376,000	277,781	98,219
Capital outlay	115,000	115,000	10,603	104,397
Total expenditures	491,000	491,000	288,384	202,616
EXCESS OF REVENUES OVER EXPENDITURES	945,500	983,480	1,190,423	206,943
OTHER FINANCING SOURCES (USES):				
Transfers out	(996,000)	(1,467,896)	(1,467,896)	-
NET CHANGE IN FUND BALANCES	(50,500)	(484,416)	(277,473)	206,943
FUND BALANCES, BEGINNING	50,500	484,416	484,416	-
FUND BALANCES, ENDING	$ -	$ -	$ 206,943	$ 206,943

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
STO operating grant	$ 15,000	$ 15,000	$ 18,750	$ 3,750
Interest	150	150	32	(118)
Total revenues	15,150	15,150	18,782	3,632
EXPENDITURES:				
Materials and services	10,500	10,500	9,001	1,499
Contingency	5,000	5,000	-	5,000
Total expenditures	15,500	15,500	9,001	6,499
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(350)	(350)	9,781	10,131
OTHER FINANCING SOURCES (USES):				
Transfers out	(16,500)	(16,500)	(16,500)	-
NET CHANGE IN FUND BALANCES	(16,850)	(16,850)	(6,719)	10,131
FUND BALANCES, BEGINNING	16,850	16,850	14,669	(2,181)
FUND BALANCES, ENDING	$ -	$ -	$ 7,950	$ 7,950

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
State P&P revenue	$ 276,600	$ 276,600	$ 331,806	$ 55,206
Charges for services and other	36,500	36,500	44,009	7,509
Interest	400	400	667	267
Total revenues	313,500	313,500	376,482	62,982
EXPENDITURES:				
Personal services	281,796	289,796	285,172	4,624
Materials and services	95,477	90,477	72,559	17,918
Capital outlay	1,500	3,500	528	2,972
Contingency	35,000	30,000	-	30,000
Total expenditures	413,773	413,773	358,259	55,514
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,273)	(100,273)	18,223	118,496
FUND BALANCES, BEGINNING	100,273	100,273	67,411	(32,862)
FUND BALANCES, ENDING	$ -	$ -	$ 85,634	$ 85,634

MORROW COUNTY, OREGON

Non-Major Capital Projects Funds
June 30, 2015

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, 2015

	Road Equipment Reserve	Computer Equipment Reserve	Program-ming Reserve	STF Vehicle Reserve	Fair Roof Reserve	Bleacher Reserve	Fair Improvement Reserve	Building Reserve	Totals
ASSETS:									
Cash	$ 173,150	$ 31,127	$ 18,227	$ 150,951	$ 13,244	$ 39,930	$ 3,245	$ 109,688	$ 539,562
Total assets	$ 173,150	$ 31,127	$ 18,227	$ 150,951	$ 13,244	$ 39,930	$ 3,245	$ 109,688	$ 539,562
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,601	$ 42	$ 1,643
FUND BALANCES:									
Committed	173,150	31,127	18,227	150,951	13,244	39,930	1,644	109,646	537,919
Total liabilities and fund balances	$ 173,150	$ 31,127	$ 18,227	$ 150,951	$ 13,244	$ 39,930	$ 3,245	$ 109,688	$ 539,562

MORROW COUNTY, OREGON

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Road Equipment Reserve	Computer Equipment Reserve	Program-ming Reserve	STF Vehicle Reserve	Fair Roof Reserve	Bleacher Reserve	Fair Improvement Reserve	Building Reserve	Totals
REVENUES:									
Intergovernmental	$ -	$ -	$ -	$ 26,100	$ -	$ -	$ -	$ -	$ 26,100
Fees, fines, and charges for services	3,575	-	-	-	-	-	-	-	3,575
Interest	679	113	48	761	58	202	34	289	2,184
Total revenues	4,254	113	48	26,861	58	202	34	289	31,859
CAPITAL OUTLAY	172,127	-	-	26,100	-	-	12,355	2,667	213,249
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(167,873)	113	48	761	58	202	(12,321)	(2,378)	(181,390)
OTHER FINANCING SOURCES:									
Transfers in	225,000	18,000	18,000	-	2,000	-	5,000	50,000	318,000
NET CHANGE IN FUND BALANCES	57,127	18,113	18,048	761	2,058	202	(7,321)	47,622	136,610
FUND BALANCES, BEGINNING	116,023	13,014	179	150,190	11,186	39,728	8,965	62,024	401,309
FUND BALANCES, ENDING	$ 173,150	$ 31,127	$ 18,227	$ 150,951	$ 13,244	$ 39,930	$ 1,644	$ 109,646	$ 537,919

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Sale of assets	$ -	$ -	$ 3,575	3,575
Interest	650	650	679	29
Total revenues	650	650	4,254	3,604
EXPENDITURES:				
Capital outlay	375,317	375,317	172,127	203,190
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(374,667)	(374,667)	(167,873)	206,794
OTHER FINANCING SOURCES:				
Transfers in	225,000	225,000	225,000	-
NET CHANGE IN FUND BALANCES	(149,667)	(149,667)	57,127	206,794
FUND BALANCES, BEGINNING	149,667	149,667	116,023	(33,644)
FUND BALANCES, ENDING	$ -	$ -	$ 173,150	$ 173,150

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 50	$ 50	$ 113	$ 63
EXPENDITURES:				
Capital outlay	31,055	31,055	-	31,055
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,005)	(31,005)	113	31,118
OTHER FINANCING SOURCES:				
Transfers in	18,000	18,000	18,000	-
NET CHANGE IN FUND BALANCES	(13,005)	(13,005)	18,113	31,118
FUND BALANCES, BEGINNING	13,005	13,005	13,014	9
FUND BALANCES, ENDING	$ -	$ -	$ 31,127	$ 31,127

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 40	$ 40	$ 48	$ 8
EXPENDITURES:				
Capital outlay	18,230	18,230	-	18,230
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,190)	(18,190)	48	18,238
OTHER FINANCING SOURCES:				
Transfers in	18,000	18,000	18,000	-
NET CHANGE IN FUND BALANCES	(190)	(190)	18,048	18,238
FUND BALANCES, BEGINNING	190	190	179	(11)
FUND BALANCES, ENDING	$ -	$ -	$ 18,227	$ 18,227

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Grants	$ -	$ -	$ 26,100	$ 26,100
Interest	550	550	761	211
Total revenues	550	550	26,861	26,311
EXPENDITURES:				
Capital outlay	150,800	150,800	26,100	124,700
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(150,250)	(150,250)	761	151,011
OTHER FINANCING SOURCES:				
Transfers in	15,000	15,000	-	(15,000)
NET CHANGE IN FUND BALANCES	(135,250)	(135,250)	761	136,011
FUND BALANCES, BEGINNING	135,250	135,250	150,190	14,940
FUND BALANCES, ENDING	$ -	$ -	$ 150,951	$ 150,951

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 40	$ 40	$ 58	$ 18
EXPENDITURES:				
Capital outlay	13,215	13,215	-	13,215
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,175)	(13,175)	58	13,233
OTHER FINANCING SOURCES:				
Transfers in	2,000	2,000	2,000	-
NET CHANGE IN FUND BALANCES	(11,175)	(11,175)	2,058	13,233
FUND BALANCES, BEGINNING	11,175	11,175	11,186	11
FUND BALANCES, ENDING	$ -	$ -	$ 13,244	$ 13,244

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 200	$ 200	$ 202	$ 2
EXPENDITURES:				
Capital outlay	39,890	39,890	-	39,890
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(39,690)	(39,690)	202	39,892
FUND BALANCES, BEGINNING	39,690	39,690	39,728	38
FUND BALANCES, ENDING	$ -	$ -	$ 39,930	$ 39,930

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 25	$ 25	$ 34	$ 9
EXPENDITURES:				
Capital outlay	13,985	13,985	12,355	1,630
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,960)	(13,960)	(12,321)	1,639
OTHER FINANCING SOURCES:				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCES	(8,960)	(8,960)	(7,321)	1,639
FUND BALANCES, BEGINNING	8,960	8,960	8,965	5
FUND BALANCES, ENDING	$ -	$ -	$ 1,644	$ 1,644

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Interest	$ 300	$ 300	$ 289	$ (11)
EXPENDITURES				
Capital outlay	115,300	115,300	2,667	112,633
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(115,000)	(115,000)	(2,378)	112,622
OTHER FINANCING SOURCES:				
Transfers in	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCES	(65,000)	(65,000)	47,622	112,622
FUND BALANCES, BEGINNING	65,000	65,000	62,024	(2,976)
FUND BALANCES, ENDING	$ -	$ -	$ 109,646	$ 109,646

MORROW COUNTY, OREGON

Other Schedules
June 30, 2015

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
(Arising from Cash Transactions)
June 30, 2015

	ASSETS			LIABILITIES AND FUND EQUITY		
	Cash and Investments	Taxes Receivable	Total	Payable to Other Agencies	Fund Balance	Total
AGENCY FUNDS:						
Property taxes	$ -	$ 549,134	$ 549,134	$ 549,134	$ -	$ 549,134
Assessments and taxation	14,114	-	14,114	14,114	-	14,114
Treasurer's account	1,048	-	1,048	1,048	-	1,048
Morrow Co. medical fund	7,240	-	7,240	7,240	-	7,240
Other districts, general	12,388	-	12,388	12,388	-	12,388
Other districts, debt service	6,073	-	6,073	6,073	-	6,073
Fire districts, general	497,401	-	497,401	497,401	-	497,401
Cemetery districts	83,424	-	83,424	83,424	-	83,424
Park districts	2,031	-	2,031	2,031	-	2,031
Water control districts	33	-	33	33	-	33
School districts, general	44,938	-	44,938	44,938	-	44,938
School districts, debt service	1,720,159	-	1,720,159	1,720,159	-	1,720,159
Morrow County Unified Recreation	168,069	-	168,069	168,069	-	168,069
North Morrow vector control	1,660	-	1,660	1,660	-	1,660
Ione-Lex Perpetual	21,157	-	21,157	21,157	-	21,157
Columbia River Enterprise Zone II	83,000	-	83,000	83,000	-	83,000
Finley buttes landfill	1,162,889	-	1,162,889	1,162,889	-	1,162,889
Library district	16,929	-	16,929	16,929	-	16,929
Other	25,002	-	25,002	25,002	-	25,002
Mobile home ombudsman	19	-	19	19	-	19
Total	$ 3,867,574	$ 549,134	$ 4,416,708	$ 4,416,708	$ -	$ 4,416,708

MORROW COUNTY, OREGON

Agency Funds
Combining Statement of Receipts, Expenditures, and Changes in Cash
(Arising from Cash Transactions)
Year Ended June 30, 2015

	Cash and Investments June 30, 2014	Additions	Deductions	Cash and Investments June 30, 2015
AGENCY FUNDS:				
Property taxes	$ -	$ 27,484,953	$ 27,484,953	$ -
Assessments and taxation	$ 13,037	57,295	56,218	14,114
Treasurer's account	$ 1,043	5	-	1,048
Morrow Co. Health District	$ 6,677	1,550,340	1,549,777	7,240
Other districts, general	$ 10,966	2,585,305	2,583,883	12,388
Other districts, debt service	$ 14,666	774,282	782,875	6,073
Fire districts, general	$ 412,306	1,279,131	1,194,036	497,401
Cemetery districts	$ 53,441	155,208	125,225	83,424
Library districts	$ 1,732	419,038	403,841	16,929
Park districts	$ 1,820	448,706	448,495	2,031
Water control districts	$ 9	8,396	8,372	33
School districts, general	$ 41,527	9,277,067	9,273,656	44,938
School districts, debt service	$ 1,398,229	2,499,909	2,177,979	1,720,159
Morrow County Unified Recreation	$ 114,823	803,246	750,000	168,069
North Morrow vector control	$ 1,520	340,754	340,614	1,660
Ione-Lex Perpetual	$ 17,545	3,612	-	21,157
Morrow County Enterprise Zone	$ -	83,000	-	83,000
Finley buttes landfill	$ 1,156,990	5,899	-	1,162,889
Other	$ 36,792	1,030,997	1,042,787	25,002
Mobile home ombudsman	$ 18	3,657	3,656	19
Total	$ 3,283,141	$ 48,810,800	$ 48,226,367	$ 3,867,574

MORROW COUNTY, OREGON

Schedule of Accountability -- County Treasurer
Cash Transactions
Year Ended June 30, 2015

COUNTY FUNDS:	Cash Balance June 30, 2014	Receipts	Disbursements	Cash Balance June 30, 2015
General	4,324,525	10,055,303	10,001,536	$ 4,378,292
Heritage	17,663	7,109	7,234	17,538
Road Fund Equipment	116,023	229,254	172,127	173,150
General Road	711,547	5,001,355	4,528,647	1,184,255
Finley Buttes Road	902,129	408,316	200,000	1,110,445
Juvenile Services Commission	76,906	27,484	38,653	65,737
Airport	15,698	124,718	136,264	4,152
Law Library	32,863	6,445	5,180	34,128
911 Emergency Telephone	319,786	266,214	456,062	129,938
Surveyor Preservation	207,598	14,657	1,815	220,440
Finley Buttes license fee	22,917	1,731,162	1,517,240	236,839
County School	94	158,701	158,692	103
Ione School	9	13,976	13,975	10
Fair	55,373	152,679	144,126	63,926
Computer Equipment Reserve	13,014	31,113	13,000	31,127
Special Transportation	13,382	41,553	47,698	7,237
Programming Reserve	179	31,048	13,000	18,227
Alcohol Enforcement	22,578	843	500	22,921
Video Lottery	2,075	70,426	58,560	13,941
Victim/Witness Assistance	1,212	79,689	74,387	6,514
Willow Creek Wind	8,120	163,677	168,954	2,843
CAMI Grant	70,566	27,073	33,510	64,129
STF Vehicle Reserve	150,190	26,861	26,100	150,951
Roof Reserve	11,186	2,058	-	13,244
Heppner Admin Building	-	2,354,843	2,257,409	97,434
Safety committee	14,199	7,089	4,365	16,923
Bleacher Reserve	39,727	203	-	39,930
Rodeo	15,641	68,821	60,908	23,554
Justice Court	38,641	401,723	324,144	116,220
Clerks Records	10,104	1,663	-	11,767
DUII Impact	23,145	619	144	23,620
Fair Improvement Reserve	8,965	5,034	10,754	3,245
Building Permit Fees	183,134	183,270	25,168	341,236
Park	105,321	510,847	528,761	87,407
Equity	219,504	107,502	2,000	325,006
Building Reserve	62,067	50,288	2,667	109,688
Liquor Control	795	4	-	799
Water Planning	1,350	-	-	1,350
Forest Service	74,826	331	21,413	53,744
Court Security	130,209	11,972	2,980	139,201
Echo Wind Fees	15	134,812	109,471	25,356
Shepherds Flat Fees	540,325	1,910,562	2,243,944	206,943
STO Operating Grant	17,294	8,288	31,132	(5,550)
Community Corrections	70,746	446,701	420,279	97,168
Total County Funds	8,651,641	24,876,286	23,862,799	9,665,128
AGENCY FUNDS	3,283,141	48,810,800	48,226,367	3,867,574
County Treasurer Totals	$ 11,934,782	$ 73,687,086	$ 72,089,166	$ 13,532,702

MORROW COUNTY, OREGON

Schedule of Accountability -- Other Elected Officials
Cash Transactions
Year Ended June 30, 2015

	Sheriff
CASH BALANCE, JUNE 30, 2014	$ 6,467
CASH RECEIPTS	55,858
CASH DISBURSEMENTS:	
Turnover to County Treasurer	53,259
CASH BALANCE, JUNE 30, 2015	$ 9,066

MORROW COUNTY, OREGON

Schedule of Cash and Investments
June 30, 2015

County Treasurer	$ 13,532,702
Other elected officials	9,066
Cash on hand, various funds	1,898
Total cash and investments	$ 13,543,666

MORROW COUNTY, OREGON

Schedule of Property Tax Transactions and Outstanding Balances
Year Ended June 30, 2015

Fiscal Year	Property Taxes Receivable July 1, 2014	Current Levy as Extended by Assessor	Discounts Allowed	Corrections and Adjustments	Cash Collections	Property Taxes Receivable June 30, 2015
2014-15	$ -	$ 27,839,805	$ (759,821)	$ (24,735)	$ (26,730,409)	$ 324,840
2013-14	377,953	-	-	(57,154)	(120,787)	200,012
2012-13	212,202	-	-	(3,159)	(75,186)	133,857
2011-12	131,002	-	-	(542)	(66,023)	64,437
2010-11	57,754	-	-	(519)	(52,399)	4,836
2009-10	3,718	-	-	(437)	(1,651)	1,630
2008-09	1,425	-	-	(221)	(179)	1,025
Prior years	4,974	-	-	-	(1,304)	3,670
	$ 789,028	$ 27,839,805	$ (759,821)	$ (86,767)	$ (27,047,938)	$ 734,307

County Summary:

County Operations	$ 196,984	$ 7,106,676	$ (193,960)	$ (21,895)	$ (6,902,632)	$ 185,173
Agency Funds	592,044	20,733,129	(565,861)	(64,872)	(20,145,306)	549,134
	$ 789,028	$ 27,839,805	$ (759,821)	$ (86,767)	$ (27,047,938)	$ 734,307

MORROW COUNTY, OREGON

Schedule of Property Taxes Receivable -- By Fund
June 30, 2015

General fund	$ 183,034
County school fund	560
Ione school fund	55
Fair fund	1,524
Sub-total	185,173
Agency funds	549,134
Total	$ 734,307

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

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INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Morrow County, Oregon's basic financial statements and have issued our report thereon dated February 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Morrow County, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Morrow County, Oregon's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Internal Control Over Financial Reporting

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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Barnett & Moro, P.C.

By _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
February 29, 2016

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.

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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, 2015, and have issued our report thereon dated February 29, 2016. 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 for the budget overexpeditures listed 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
February 29, 2016

SINGLE AUDIT SECTION

MORROW COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Program Name:	Federal CFDA Number	Major Programs (X)	Amount
U.S. DEPARTMENT OF AGRICULTURE:			
Forest fees, roads and schools	10.665		$ 139,790
U.S. DEPARTMENT OF JUSTICE:			
Crime victim assistance	16.575		$ 24,642
U.S. DEPARTMENT OF ENERGY:			
Office of environmental waste processing	81.104		$ 13,600
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Grants for Transportation in Highly Rural Areas	64.035		$ 26,100
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Oregon State Health Division:			
Public health emergency preparedness	93.069		$ 76,161
Family planning services	93.217		17,759
MCH block grant	93.994		6,510
MIECHV	93.505		29,053
			129,483
Oregon Department of Justice:			
Child support enforcement	93.563		80,291
			$ 209,774
U.S. GENERAL SERVICES ADMINISTRATION			
Flood Control projects	12.106		$ 2,618
Donation of Federal Surplus Property	39.003		13,836
			$ 16,454
U.S. DEPARTMENT OF TRANSPORTATION:			
Airport Improvement Program	20.106		$ 54,574
Recreation Trails Program	20.219		25,713
			$ 80,287
U.S. DEPARTMENT OF THE INTERIOR:			
Bureau of Land Management, Mineral Land Leasing	15.214		$ 417
Payment in Lieu of Taxes	15.226	X	247,095
			$ 247,512
Total expenditures of federal awards			$ 758,159

See notes to schedule of
expenditures of federal awards.

MORROW COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

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.

BARNETT & MORO, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

County Commissioners
Morrow County
Heppner, Oregon

Report on Compliance for Each Major Federal Program

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, 2015. Morrow County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Morrow County, Oregon, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Morrow County, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Morrow County, Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Barnett & Moro, P.C.

By: _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
February 29, 2016

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

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
15.226	Payments in Lieu of Taxes

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, 2015.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs for the year ended June 30, 2015.

MORROW COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2015

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2014.

FINDINGS:

There were no findings for the year ended June 30, 2014.