



ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

YAMHILL COUNTY

**BOARD OF COMMISSIONERS AND OTHER OFFICIALS
For the Year Ended June 30, 2011**

<u>Commissioners</u>	<u>Term Expires December 31,</u>
Katherine George 15195 NE Ribbon Ridge Road Newberg, OR 97132	2014
Mary P. Stern 1863 NW Doral Street McMinnville, OR 97128	2014
Leslie Lewis 9805 Hendricks Road Carlton, OR 97111	2012

Other Elected Officials

Nancy Reed, Treasurer (Retired September 30, 2010)
Charles G. Vesper, Treasurer (Appointed October 1, 2010)
Scott Maytubby, Assessor
Rebekah Stern-Doll, Clerk
Jack Crabtree, Sheriff
Brad Berry, District Attorney
Dan Linscheld, Surveyor

County Administrator

Laura Tschabold

YAMHILL COUNTY

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BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
YAMHILL COUNTY
McMinnville, Oregon

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **YAMHILL COUNTY**, as of June 30, 2011, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Road, Health and Human Services, and Solid Waste Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A

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INDEPENDENT AUDITOR'S REPORT (Continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

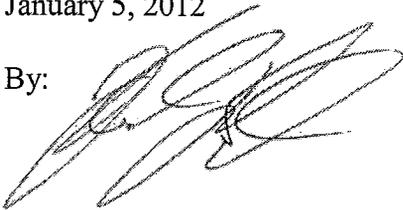
Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

January 5, 2012

By:



Brad Bingenheimer, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

YAMHILL COUNTY

Management's Discussion and Analysis For the Year Ended June 30, 2011

As management of Yamhill County, we offer readers of Yamhill County's financial statements this narrative overview and analysis of the financial activities of Yamhill County for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of Yamhill County exceeded its liabilities at the close of the most recent fiscal year by \$185,623,939 (*net assets*). Of this amount, \$9,030,463 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors..
- As of the close of the fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$19,735,523, an increase of \$2,072,200 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance (previously referred to as the unreserved fund balance) of the general fund was \$8,209,322, or 37 % of total general fund expenditures. This is up from the 22% in the prior fiscal year.
- Yamhill County's total long-term obligations decreased by \$176,891 during the current fiscal year. The scheduled payments on bonded debt and capital leases and were made, but no new debt was incurred.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused earned time off).

Both of the government-wide financial statements distinguish functions of Yamhill County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of Yamhill County include general government, public safety, highways and streets, health and sanitation, parks, culture and recreation and education. The business-type activity of Yamhill County is the Cove Orchard Sewer Service District.

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

The government-wide financial statements can be found on pages 1 and 2 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Yamhill County maintains 23 individual governmental funds. In previous years the funds for providing security for the courthouse was reported as a separate fund, but it has been reclassified into the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road, Health and Human Services, Solid Waste, Community Corrections, Capital Improvement, and Capital Projects Funds, which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided elsewhere in this report.

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

The governmental fund financial statements can be found on pages 3 – 14 of this report.

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

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

The proprietary fund financial statements can be found on pages 15-17 of this report.

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

The basic fiduciary fund financial statements can be found on 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found pages 19-45 of this report. The County has also adopted an updated Governmental Fund classification structure as required under GASB 54. Details of this reporting standard can be found in Note 1, on page 26.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 46-84 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Yamhill County, assets exceeded liabilities by \$185,640,105 at the close of the most recent fiscal year.

By far the largest portion of Yamhill County’s net assets (88.8%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. Yamhill County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yamhill County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Yamhill County’s Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 28,618,301	\$ 27,204,651	\$ 75,519	\$ 83,435	\$ 28,693,820	\$ 27,288,086
Capital assets	<u>166,958,874</u>	<u>176,120,148</u>	<u>82,186</u>	<u>83,580</u>	<u>167,041,060</u>	<u>176,203,728</u>
Total assets	<u>195,577,175</u>	<u>203,324,799</u>	<u>157,705</u>	<u>167,015</u>	<u>195,734,880</u>	<u>203,491,814</u>
Liabilities						
Long-term liabilities outstanding	5,396,460	5,575,412	-	-	5,396,460	2,167,154
Other liabilities	<u>4,713,806</u>	<u>5,728,717</u>	<u>675</u>	<u>2,086</u>	<u>4,714,481</u>	<u>4,419,037</u>
Total liabilities	<u>10,110,266</u>	<u>11,304,129</u>	<u>675</u>	<u>2,086</u>	<u>10,110,941</u>	<u>6,586,191</u>
Net assets						
Invested in capital assets, net						
of related debt	164,767,868	173,787,236	82,186	83,580	164,850,054	181,352,348
Restricted	11,743,422	959,070	-	-	11,743,422	1,481,164
Unrestricted	<u>8,955,619</u>	<u>17,274,364</u>	<u>74,844</u>	<u>81,349</u>	<u>9,030,463</u>	<u>20,898,342</u>
Total net assets	<u>\$ 185,466,909</u>	<u>\$ 192,020,670</u>	<u>\$ 157,030</u>	<u>\$ 164,929</u>	<u>\$ 185,623,939</u>	<u>\$ 203,731,854</u>

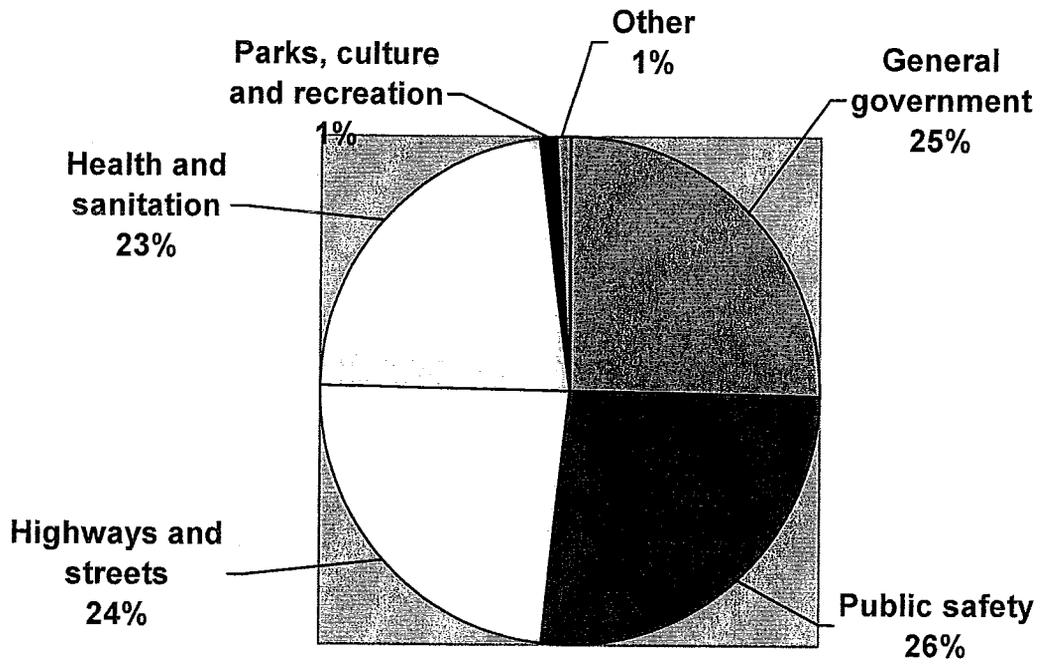
A portion of Yamhill County’s net assets \$11,743,422 represents resources that are subject to some restrictions on how they may be used. The remaining balance of *unrestricted net assets* (4.8%) may be used to meet the government’s ongoing obligations to citizen’s and creditors.

Governmental activities. Governmental activities decreased Yamhill County's net assets by \$6,553,757.

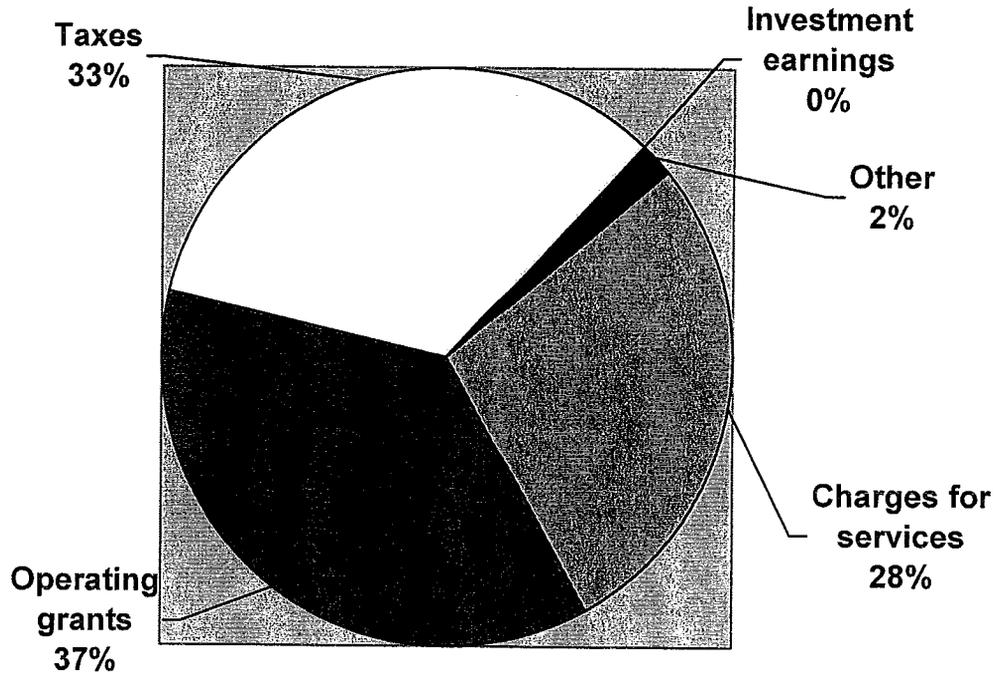
Yamhill County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 15,058,294	\$ 14,798,998	\$ 44,814	\$ 47,784	\$ 15,103,108	\$ 14,846,782
Operating grants and contributions	19,640,454	19,633,199	-	-	19,640,454	19,633,199
Capital grants and contributions	112,624	207,924	-	-	112,624	207,924
General revenues:						
Property taxes	17,802,274	16,749,501			17,802,274	16,749,501
Investment earnings	110,366	234,161	372	1,080	110,738	235,241
Gain (loss) on sale of assets	(84,045)	319,219	-	-	(84,045)	319,219
Miscellaneous	975,200	1,199,211	-	77	975,200	1,199,288
Total revenues	53,615,167	53,142,213	45,186	48,941	53,660,353	53,191,154
Expenses						
Governmental activities:						
General government	15,162,409	15,797,259	-	-	15,162,409	15,797,259
Public safety	15,886,387	15,329,899	-	-	15,886,387	15,329,899
Highways and streets	14,220,028	14,784,195	-	-	14,220,028	14,784,195
Health and sanitation	13,800,389	14,060,035	-	-	13,800,389	14,060,035
Parks, cultural and recreation	631,636	624,969	-	-	631,636	624,969
Education	395,437	391,922	-	-	395,437	391,922
Interest on long-term obligations	72,939	73,844	-	-	72,939	73,844
Sewer	-	-	52,785	77,340	52,785	77,340
Total expenses	60,169,225	61,062,123	52,785	77,340	60,222,010	61,139,463
Increase (decrease) in net assets						
before transfers	(6,554,058)	(7,919,910)	(7,599)	(28,399)	(6,561,657)	(7,948,309)
Transfers	301	29,160	(301)	(29,160)	-	-
Change in net assets	(6,553,757)	(7,890,750)	(7,900)	(57,559)	(6,561,657)	(7,948,309)
Net assets at beginning of year	192,020,666	203,509,365	164,930	222,489	192,185,596	203,731,854
Prior period adjustment	-	(3,597,949)	-	-	-	(3,597,949)
Net assets at end of year	\$ 185,466,909	\$ 192,020,666	\$ 157,030	\$ 164,930	\$ 185,623,939	\$ 192,185,596

Expenses by Function - Governmental Activities



Governmental Activities Revenue



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$19,735,523, an increase of \$2,072,200 in comparison with the prior year. \$7,767,775 of the total amount constitutes the unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of Yamhill County. At the end of the current fiscal year, the fund balance of the general fund was \$8,209,322 of which \$852,826 represents funds advanced to other funds. The detail of these advances can be found in Note 7 on page 37.

The Road Fund is dedicated to the maintenance and construction of roads within the County and has a fund balance of \$1,518,063, an increase of \$589,816. Of this, \$213,941 represents the value of parts inventory.

The Health and Human Services Fund provides health service to the residents of the County and has a fund balance of \$3,972,880 as of June 30, 2011, an increase of \$524,178 from the prior year.

The Solid Waste Fund ended the year with fund balance of \$3,469,084, an increase of \$96,286 over the previous year.

The non-major special revenue funds consist of various programs which have dedicated revenues either as fees for services or other sources. The combined fund balances of these programs are \$2,566,174. Of this amount \$29,931 has been advanced to the Health and Human Services fund as matching funds for their building.

General Fund Budgetary Highlights

There were no significant changes to the original and final budgets in the General Fund. Expenditures were \$24,408,576 or 13.53% less than budgeted. This can be contributed to budgeting for grants applied for, but not received and conservative budgeting by many of the County's department heads and managers. This also includes \$990,087 which was budgeted for contingencies and \$603,000 in capital expenditures in the Assessor's department which remained unspent at year end.

Capital Assets and Debt Administration

Capital assets. Yamhill County's investment in capital assets for its governmental and business-type activities as June 30, 2011 amounts to \$166,958,874 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, bridges and culverts. The total decrease in Yamhill County's investment in capital assets for the current fiscal year was \$9,161,274. The primary reason is the depreciation of the County's infrastructure.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital assets not being depreciated	\$ 49,381,290	\$ 49,381,290	\$ 78,356	\$ 78,356	\$ 49,459,646	\$ 98,840,936
Building	13,480,849	13,878,779	-	-	13,480,849	27,359,628
Machinery and equipment	5,690,270	5,721,965	3,830	5,224	5,694,100	11,416,065
Infrastructure	98,406,465	107,138,114	-	-	98,406,465	205,544,579
Total	\$ 166,958,874	\$ 176,120,148	\$ 82,186	\$ 83,580	\$ 167,041,060	\$ 176,203,728

Additional information on Yamhill County's fixed assets can be found in Note 4 on pages 32 and 33 of this report.

Long-term debt. At the end of the fiscal year, Yamhill County had total outstanding bonded debt of \$855,000. This full amount is comprised of a full faith and credit bond. Additional long-term obligations include loans (\$1,214,073); capital leases (\$121,933), landfill liability (\$3,527,134), and accumulated compensated absences (\$1,230,546).

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

	2011	2010
Full Faith and Credit Bonds	\$ 855,000	\$ 905,000

Additional information on Yamhill County's long-term debt can be found in Note 5 on pages 34 and 35 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Yamhill County for August 2011 was 9.1 percent, down from 2010. This was just slightly below the state's unemployment rate of 9.6 percent and the same as the national average.

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

Wineries continue to be a big tourist draw in addition to other tourist related businesses - restaurants, bed and breakfasts, tasting rooms and small specialty shops. The county is also home to an aircraft museum whose major attraction is Howard Hughes' Spruce Goose. The completion of a water park adjacent to the air museum will add another stop for tourists.

Fiscal Year 2010-11 continued the trend of diminishing resources. The Clerk's office recordings continued to be stagnant. Public Works gas tax revenue declined, however recent legislation added additional resources to local government revenue. Activity in the Yamhill County Planning Department is up slightly from 09-10. At this time it is unknown if this trend will continue. The Criminal Justice Service Team continued to see reductions this budget year. At this time it is unknown what next fiscal year will bring. Much depends on what actions the Legislature takes. Transit resources are anticipated to diminish in the coming years.

Request for Information

This financial report is designed to provide a general overview of Yamhill County's finances for all of those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Manager, Yamhill County Courthouse, 535 NE 5th Street, McMinnville, OR 97128.

BASIC FINANCIAL STATEMENTS

YAMHILL COUNTY

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 24,235,545	\$ 72,272	\$ 24,307,817
Receivables	4,158,442	3,247	4,161,689
Inventory	213,941	-	213,941
Prepaid items	10,373	-	10,373
Capital assets:			
Land, right-of-way, and gravel roads	49,381,290	78,356	49,459,646
Other capital assets, net	117,577,584	3,830	117,581,414
TOTAL ASSETS	195,577,175	157,705	195,734,880
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	1,241,063	294	1,241,357
Payroll and related liabilities	1,005,448	381	1,005,829
Unearned revenue	21,000	-	21,000
Deposits payable	29,374	-	29,374
Bond premium, net	40,500	-	40,500
Net other post-employment benefits	824,195	-	824,195
Long-term obligations:			
Due within one year	1,552,226	-	1,552,226
Due in more than one year	5,396,460	-	5,396,460
TOTAL LIABILITIES	10,110,266	675	10,110,941
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	164,767,868	82,186	164,850,054
Restricted for:			
Highways and streets	1,304,122	-	1,304,122
Schools and education	87,195	-	87,195
Health services	7,441,964	-	7,441,964
County library	49,650	-	49,650
Grants	111,347	-	111,347
Public safety	1,525,207	-	1,525,207
County fair	12,299	-	12,299
Capital projects	321,405	-	321,405
Other purposes	890,233	-	890,233
Unrestricted	8,955,619	74,844	9,030,463
TOTAL NET ASSETS	\$ 185,466,909	\$ 157,030	\$ 185,623,939

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities							
General government	\$ 15,162,409	\$ 3,795,260	\$ 5,189,657	\$ 112,624	\$ (6,064,868)		\$ (6,064,868)
Public safety	15,886,387	1,222,675	3,150,249	-	(11,513,463)		(11,513,463)
Highways and streets	14,220,028	319,184	5,999,601	-	(7,901,243)		(7,901,243)
Health and sanitation	13,800,389	9,418,124	5,143,027	-	760,762		760,762
Parks, culture and recreation	631,636	303,051	36,031	-	(292,554)		(292,554)
Education	395,437	-	121,889	-	(273,548)		(273,548)
Interest on long-term obligations	72,939	-	-	-	(72,939)		(72,939)
TOTAL GOVERNMENTAL ACTIVITIES	60,169,225	15,058,294	19,640,454	112,624	(25,357,853)		(25,357,853)
Business-type activities							
Sewer	52,785	44,814	-	-	\$ (7,971)		(7,971)
Totals	\$ 60,222,010	\$ 15,103,108	\$ 19,640,454	\$ 112,624	(25,357,853)	(7,971)	(25,365,824)
General revenues							
Taxes					17,802,274	-	17,802,274
Investment earnings					110,366	372	110,738
Miscellaneous					975,200	-	975,200
(Loss) on sale of capital assets					(84,045)	-	(84,045)
Transfers					301	(301)	-
TOTAL GENERAL REVENUES AND TRANSFERS					18,804,096	71	18,804,167
CHANGES IN NET ASSETS					(6,553,757)	(7,900)	(6,561,657)
NET ASSETS - BEGINNING					192,020,666	164,930	192,185,596
NET ASSETS - ENDING					\$ 185,466,909	\$ 157,030	\$ 185,623,939

See notes to basic financial statements

YAMHILL COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Road	Health and Human Services	Solid Waste	Other Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 6,925,870	\$ 1,261,889	\$ 3,997,101	\$ 3,409,999	\$ 3,515,678	\$ 19,110,537
Receivables	2,647,508	510,367	641,210	79,258	269,738	4,148,081
Inventory	-	213,941	-	-	-	213,941
Prepaid items	2,145	-	-	-	8,228	10,373
Advances to other funds	852,826	-	-	-	29,931	882,757
TOTAL ASSETS	\$ 10,428,349	\$ 1,986,197	\$ 4,638,311	\$ 3,489,257	\$ 3,823,575	\$ 24,365,689
LIABILITIES						
Account payable	\$ 485,673	\$ 172,801	\$ 336,316	\$ 9,958	\$ 207,848	\$ 1,212,596
Payroll and related liabilities	448,725	82,765	325,968	10,215	133,097	1,000,770
Deposits	12,041	9,900	-	-	7,433	29,374
Advances from other funds	-	202,668	-	-	882,757	1,085,425
Deferred revenue	1,272,588	-	3,147	-	26,266	1,302,001
TOTAL LIABILITIES	2,219,027	468,134	665,431	20,173	1,257,401	4,630,166
FUND BALANCES						
Nonspendable	2,145	213,941	-	-	8,228	224,314
Restricted	-	1,304,122	3,972,880	3,469,084	2,997,336	11,743,422
Assigned	-	-	-	-	12	12
Unassigned	8,207,177	-	-	-	(439,402)	7,767,775
TOTAL FUND BALANCES	8,209,322	1,518,063	3,972,880	3,469,084	2,566,174	19,735,523
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,428,349	\$ 1,986,197	\$ 4,638,311	\$ 3,489,257	\$ 3,823,575	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	166,958,874
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,281,001
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	\$ 5,295,910
Plus: Compensated absences of the internal service fund included below	8,982
The bond premium is reported in the statement of net assets but is not reported in the funds	(40,500)
The net post-employment benefits obligation is reported in the statement of net assets but is not reported in the funds	(824,195)
Some liabilities, including compensated absences, capital leases payable and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(6,948,686)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 185,466,909

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	General	Road	Health and Human Services	Solid Waste	Other Governmental Funds	Totals
REVENUES						
Property taxes	\$ 17,429,590	\$ -	\$ -	\$ -	\$ 300,090	\$ 17,729,680
Licenses, permits and fees	597,237	43,070	268,750	-	248,358	1,157,415
Intergovernmental	4,656,654	5,999,601	5,142,726	-	4,186,951	19,985,932
Charges for services	2,716,311	276,114	8,293,930	832,785	1,287,292	13,406,432
Fines and forfeitures	410,531	-	36,863	-	14,177	461,571
Interest	37,018	2,327	17,697	13,557	19,691	90,290
Other	499,936	71,894	52,294	2,826	196,502	823,452
TOTAL REVENUES	<u>26,347,277</u>	<u>6,393,006</u>	<u>13,812,260</u>	<u>849,168</u>	<u>6,253,061</u>	<u>53,654,772</u>
EXPENDITURES						
Current						
General government	9,525,801	-	-	-	2,078,463	11,604,264
Public safety	11,948,340	-	-	-	3,741,844	15,690,184
Parks, culture, and recreation	243,846	-	-	-	353,690	597,536
Highways and streets	-	3,950,153	-	-	-	3,950,153
Health and welfare	-	-	13,192,964	537,794	-	13,730,758
Education	-	-	-	-	129,122	129,122
Capital outlay	455,127	1,708,721	18,483	-	892,238	3,074,569
Debt service	-	-	-	-	192,001	192,001
TOTAL EXPENDITURES	<u>22,173,114</u>	<u>5,658,874</u>	<u>13,211,447</u>	<u>537,794</u>	<u>7,387,358</u>	<u>48,968,587</u>
Excess (deficiency) of revenues over expenditures	<u>4,174,163</u>	<u>734,132</u>	<u>600,813</u>	<u>311,374</u>	<u>(1,134,297)</u>	<u>4,686,185</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,573,697	546,632	1,811,915	12,736	2,642,206	6,587,186
Transfers out	(4,738,177)	(690,948)	(1,888,550)	(227,824)	(1,655,672)	(9,201,171)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,164,480)</u>	<u>(144,316)</u>	<u>(76,635)</u>	<u>(215,088)</u>	<u>986,534</u>	<u>(2,613,985)</u>
Net change in fund balances	1,009,683	589,816	524,178	96,286	(147,763)	2,072,200
Fund balances at beginning of year	7,199,639	928,247	3,448,702	3,372,798	2,713,937	17,663,323
Fund balances at end of year	<u>\$ 8,209,322</u>	<u>\$ 1,518,063</u>	<u>\$ 3,972,880</u>	<u>\$ 3,469,084</u>	<u>\$ 2,566,174</u>	<u>\$ 19,735,523</u>

See notes to basic financial statements

YAMHILL COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,072,200

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

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

Capitalized expenditures	\$ 2,785,720	
Depreciation	<u>(11,862,949)</u>	(9,077,229)

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (84,045)

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

Property taxes		(161,065)
Charges for services		(18,116)

The change in other post-employment benefits are reported as additional expenses in the Statement of Activities (256,459)

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

Amortization of bond premium		2,250
Principal payments		176,891

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

Compensated absences		(11,750)
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Net income of internal service funds after eliminating transfers and income reported above 803,566

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (6,553,757)

YAMHILL COUNTY

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 16,223,000	\$ 16,223,000	\$ 17,429,590	\$ 1,206,590
Licenses and permits	551,959	551,959	597,237	45,278
Intergovernmental	4,572,857	4,572,857	4,422,999	(149,858)
Charges for services	2,440,925	2,440,925	2,763,957	323,032
Fines and forfeitures	358,549	358,549	410,531	51,982
Interest earnings	60,000	60,000	31,715	(28,285)
Other	267,305	267,305	499,936	232,631
TOTAL REVENUES	<u>24,474,595</u>	<u>24,474,595</u>	<u>26,155,965</u>	<u>1,681,370</u>
EXPENDITURES				
Administrative Services				
Personal services	809,107	809,107	747,416	61,691
Materials and services	81,468	81,468	71,524	9,944
Total Administrative Services	<u>890,575</u>	<u>890,575</u>	<u>818,940</u>	<u>71,635</u>
Assessor				
Personal services	1,342,496	1,342,496	1,237,823	104,673
Materials and services	232,542	232,542	182,774	49,768
Capital outlay	603,000	603,000	-	603,000
Total Assessor	<u>2,178,038</u>	<u>2,178,038</u>	<u>1,420,597</u>	<u>757,441</u>
Board of Commissioners				
Personal services	438,580	438,580	417,246	21,334
Materials and services	60,837	60,837	56,577	4,260
Total Board of Commissioners	<u>499,417</u>	<u>499,417</u>	<u>473,823</u>	<u>25,594</u>
Clerk				
Personal services	444,849	444,849	419,745	25,104
Materials and services	427,650	427,650	293,302	134,348
Capital outlay	15,000	15,000	-	15,000
Total Clerk	<u>887,499</u>	<u>887,499</u>	<u>713,047</u>	<u>174,452</u>
Information Systems				
Personal services	854,929	854,929	787,942	66,987
Materials and services	351,824	351,824	271,680	80,144
Capital outlay	94,600	94,600	76,971	17,629
Total Information Systems	<u>1,301,353</u>	<u>1,301,353</u>	<u>1,136,593</u>	<u>164,760</u>

See notes to basic financial statements

Continued on pages 7 through 10

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
District Attorney				
Personal services	\$ 1,643,288	\$ 1,643,288	\$ 1,593,945	\$ 49,343
Materials and services	257,957	257,957	269,725	(11,768)
Capital outlay	15,000	15,000	-	15,000
Total District Attorney	<u>1,916,245</u>	<u>1,916,245</u>	<u>1,863,670</u>	<u>52,575</u>
Planning				
Personal services	1,077,242	1,077,242	863,318	213,924
Materials and services	<u>319,203</u>	<u>319,203</u>	<u>259,538</u>	<u>59,665</u>
Total Planning	<u>1,396,445</u>	<u>1,396,445</u>	<u>1,122,856</u>	<u>273,589</u>
Surveyor				
Personal services	73,948	73,948	64,402	9,546
Materials and services	12,691	12,691	8,511	4,180
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Surveyor	<u>89,639</u>	<u>89,639</u>	<u>72,913</u>	<u>16,726</u>
Support Enforcement				
Personal services	377,175	377,175	363,253	13,922
Materials and services	<u>39,250</u>	<u>39,250</u>	<u>28,239</u>	<u>11,011</u>
Total Support Enforcement	<u>416,425</u>	<u>416,425</u>	<u>391,492</u>	<u>24,933</u>
Treasurer				
Personal services	63,689	63,689	55,610	8,079
Materials and services	<u>3,264</u>	<u>3,264</u>	<u>2,125</u>	<u>1,139</u>
Total Treasurer	<u>66,953</u>	<u>66,953</u>	<u>57,735</u>	<u>9,218</u>
Veterans				
Personal services	104,150	104,150	111,398	(7,248)
Materials and services	<u>25,373</u>	<u>25,373</u>	<u>22,625</u>	<u>2,748</u>
Total Veterans	<u>129,523</u>	<u>129,523</u>	<u>134,023</u>	<u>(4,500)</u>
County Counsel				
Personal services	372,507	372,507	323,768	48,739
Materials and services	<u>21,998</u>	<u>21,998</u>	<u>20,834</u>	<u>1,164</u>
Total County Counsel	<u>394,505</u>	<u>394,505</u>	<u>344,602</u>	<u>49,903</u>

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

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Transit				
Personal services	\$ 81,961	\$ 81,961	\$ 81,830	\$ 131
Materials and services	1,599,906	1,599,906	1,552,541	47,365
Capital outlay	-	-	1,008	(1,008)
Total Transit	<u>1,681,867</u>	<u>1,681,867</u>	<u>1,635,379</u>	<u>46,488</u>
Non-departmental				
Materials and services	587,235	587,235	736,297	(149,062)
Capital outlay	250,000	250,000	236,109	13,891
Total Non-departmental	<u>837,235</u>	<u>837,235</u>	<u>972,406</u>	<u>(135,171)</u>
Emergency Management				
Personal services	119,066	119,066	111,913	7,153
Materials and services	213,223	213,223	86,892	126,331
Total Emergency Management	<u>332,289</u>	<u>332,289</u>	<u>198,805</u>	<u>133,484</u>
Jail				
Personal services	3,535,599	3,535,599	3,325,244	210,355
Materials and services	740,590	740,590	711,967	28,623
Total Jail	<u>4,276,189</u>	<u>4,276,189</u>	<u>4,037,211</u>	<u>238,978</u>
Marine				
Personal services	83,605	51,773	47,254	4,519
Materials and services	23,447	31,634	31,634	-
Capital outlay	-	61,645	61,645	-
Total Marine	<u>107,052</u>	<u>145,052</u>	<u>140,533</u>	<u>4,519</u>
Sheriff				
Personal services	4,768,062	4,768,062	4,376,529	391,533
Materials and services	869,908	831,908	724,140	107,768
Capital outlay	5,000	5,000	-	5,000
Total Sheriff	<u>5,642,970</u>	<u>5,604,970</u>	<u>5,100,669</u>	<u>504,301</u>
911/Dispatch Services				
Materials and services	526,484	526,484	526,484	-

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

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Mediation Services				
Materials and services	\$ 100,770	\$ 100,770	\$ 83,985	\$ 16,785
Narcotics Investigation				
Personal services	20,263	20,263	17,113	3,150
Materials and services	100,299	100,299	25,807	74,492
Total Narcotics Investigation	120,562	120,562	42,920	77,642
Juvenile Department				
Personal services	1,290,922	1,290,922	1,233,588	57,334
Materials and services	211,488	211,488	123,012	88,476
Capital outlay	5,000	5,000	-	5,000
Total Juvenile Department	1,507,410	1,507,410	1,356,600	150,810
Juvenile Detention				
Personal services	1,273,316	1,273,316	1,163,697	109,619
Materials and services	133,069	133,069	123,693	9,376
Total Juvenile Detention	1,412,385	1,412,385	1,287,390	124,995
Parks				
Personal services	126,068	126,068	186,543	(60,475)
Materials and services	193,450	193,450	85,374	108,076
Total Parks	319,518	319,518	271,917	47,601
Courthouse Security				
Personal services	196,192	196,192	191,101	5,091
Materials and services	9,179	9,179	8,981	198
Total Courthouse Security	205,371	205,371	200,082	5,289
Air Support				
Materials and services	2,042	2,042	3,904	(1,862)
Contingency	990,087	990,087	-	990,087
TOTAL EXPENDITURES	28,228,848	28,228,848	24,408,576	3,820,272
Excess (deficiency) of revenues over expenditures	(3,754,253)	(3,754,253)	1,747,389	5,501,642

See notes to basic financial statements

Continued on page 10

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

	Budget		Actual	Variance
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	\$ 550,000	\$ 550,000	\$ -	\$ (550,000)
Transfers in	1,506,147	1,506,147	1,628,073	121,926
Transfers out	<u>(2,414,248)</u>	<u>(2,414,248)</u>	<u>(2,420,746)</u>	<u>(6,498)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(358,101)</u>	<u>(358,101)</u>	<u>(792,673)</u>	<u>(434,572)</u>
Net change in fund balance	(4,112,354)	(4,112,354)	954,716	5,067,070
Fund balance at beginning of year	<u>5,017,954</u>	<u>5,017,954</u>	<u>5,165,509</u>	<u>147,555</u>
Fund balance at end of year	<u>\$ 905,600</u>	<u>\$ 905,600</u>	6,120,225	<u>\$ 5,214,625</u>
Reconciliation to generally accepted accounting principles				
Advances to other funds			<u>852,826</u>	
Fund balance at end of year			<u>\$ 6,973,051</u>	

See notes to basic financial statements

YAMHILL COUNTY

**ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 36,500	\$ 36,500	\$ 43,070	\$ 6,570
Intergovernmental	6,204,426	6,204,426	5,999,601	(204,825)
Charges for services	263,250	263,250	283,028	19,778
Interest earnings	6,750	6,750	2,327	(4,423)
Other	59,092	59,092	71,894	12,802
TOTAL REVENUES	6,570,018	6,570,018	6,399,920	(170,098)
EXPENDITURES				
Motor Vehicle				
Personal services	567,076	567,076	597,987	(30,911)
Materials and services	957,678	957,678	842,059	115,619
Capital outlay	6,826	6,826	31	6,795
Total Motor Vehicle	1,531,580	1,531,580	1,440,077	91,503
Engineering				
Personal services	239,409	239,409	258,993	(19,584)
Materials and services	58,317	58,317	42,968	15,349
Capital outlay	17,000	17,000	5,566	11,434
Total Engineering	314,726	314,726	307,527	7,199
Road				
Personal services	1,643,889	1,684,609	1,493,652	190,957
Materials and services	1,667,694	1,667,694	1,405,442	262,252
Capital outlay	1,145,784	1,675,860	1,703,124	(27,264)
Total Road	4,457,367	5,028,163	4,602,218	425,945
Contingency	1,612,000	1,041,204	-	1,041,204
TOTAL EXPENDITURES	7,915,673	7,915,673	6,349,822	1,565,851
Excess (deficiency) of revenues over expenditures	(1,345,655)	(1,345,655)	50,098	1,395,753
OTHER FINANCING SOURCES (USES)				
Proceeds from interfund loan	252,643	252,643	252,643	-
Transfers in	507,559	507,559	489,743	(17,816)
TOTAL OTHER FINANCING SOURCES (USES)	760,202	760,202	742,386	(17,816)
Net change in fund balance	(585,453)	(585,453)	792,484	1,377,937
Fund balance at beginning of year	756,781	756,781	928,247	171,466
Fund balance at end of year	\$ 171,328	\$ 171,328	1,720,731	\$ 1,549,403
Reconciliation to generally accepted accounting principles				
Advances from other funds			(202,668)	
Fund balance at end of year			\$ 1,518,063	

See notes to basic financial statements

YAMHILL COUNTY

**HEALTH AND HUMAN SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 257,018	\$ 257,018	\$ 268,750	\$ 11,732
Intergovernmental	5,801,400	5,801,400	5,142,726	(658,674)
Charges for services	7,737,829	7,737,829	8,322,730	584,901
Fines and penalties	42,660	42,660	36,863	(5,797)
Interest earnings	32,000	32,000	17,697	(14,303)
Other	<u>50,559</u>	<u>50,559</u>	<u>52,294</u>	<u>1,735</u>
TOTAL REVENUES	<u>13,921,466</u>	<u>13,921,466</u>	<u>13,841,060</u>	<u>(80,406)</u>
EXPENDITURES				
Community Health				
Personal services	1,959,021	1,959,021	2,067,432	(108,411)
Materials and services	690,279	690,279	830,944	(140,665)
Capital outlay	<u>2,125</u>	<u>2,125</u>	<u>3,811</u>	<u>(1,686)</u>
Total Community Health	<u>2,651,425</u>	<u>2,651,425</u>	<u>2,902,187</u>	<u>(250,762)</u>
Developmentally Disabled				
Personal services	981,446	981,446	905,026	76,420
Materials and services	770,648	770,648	797,898	(27,250)
Capital outlay	<u>1,069</u>	<u>1,069</u>	<u>1,652</u>	<u>(583)</u>
Total Developmentally Disabled	<u>1,753,163</u>	<u>1,753,163</u>	<u>1,704,576</u>	<u>48,587</u>
Mental Health				
Personal services	2,165,643	2,165,643	2,348,524	(182,881)
Materials and services	1,312,087	1,312,087	1,090,693	221,394
Capital outlay	<u>2,419</u>	<u>2,419</u>	<u>4,389</u>	<u>(1,970)</u>
Total Mental Health	<u>3,480,149</u>	<u>3,480,149</u>	<u>3,443,606</u>	<u>36,543</u>
Abacus				
Personal services	495,475	495,475	499,785	(4,310)
Materials and services	163,368	163,368	160,663	2,705
Capital outlay	<u>546</u>	<u>546</u>	<u>1,022</u>	<u>(476)</u>
Total Abacus	<u>659,389</u>	<u>659,389</u>	<u>661,470</u>	<u>(2,081)</u>

See notes to basic financial statements

Continued on page 13

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Family and Youth				
Personal services	\$ 2,167,133	\$ 2,167,133	\$ 1,972,691	\$ 194,442
Materials and services	514,999	514,999	506,625	8,374
Capital outlay	2,414	2,414	4,151	(1,737)
Total Family and Youth	<u>2,684,546</u>	<u>2,684,546</u>	<u>2,483,467</u>	<u>201,079</u>
Chemical Dependency Services				
Personal services	1,858,828	1,858,828	1,792,926	65,902
Materials and services	457,299	457,299	375,968	81,331
Capital outlay	2,029	2,029	3,351	(1,322)
Total Chemical Dependency Services	<u>2,318,156</u>	<u>2,318,156</u>	<u>2,172,245</u>	<u>145,911</u>
HHS Central Services				
Personal services	447,546	447,546	128,858	318,688
Materials and services	1,082,934	1,082,934	207,837	875,097
Capital outlay	50,381	50,381	107	50,274
Total HHS Central Services	<u>1,580,861</u>	<u>1,580,861</u>	<u>336,802</u>	<u>1,244,059</u>
Enhanced Care Facility				
Personal services	1,287,456	1,287,456	1,246,600	40,856
Materials and services	163,050	163,050	149,044	14,006
Capital outlay	1,517	1,517	-	1,517
Total Enhanced Care Facility	<u>1,452,023</u>	<u>1,452,023</u>	<u>1,395,644</u>	<u>56,379</u>
TOTAL EXPENDITURES	<u>16,579,712</u>	<u>16,579,712</u>	<u>15,099,997</u>	<u>1,479,715</u>
Excess (deficiency) of revenues over expenditures	(2,658,246)	(2,658,246)	(1,258,937)	1,399,309
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,928,089</u>	<u>1,928,089</u>	<u>1,783,115</u>	<u>(144,974)</u>
Net change in fund balance	(730,157)	(730,157)	524,178	1,254,335
Fund balance at beginning of year	<u>3,259,202</u>	<u>3,259,202</u>	<u>3,448,702</u>	<u>189,500</u>
Fund balance at end of year	<u>\$ 2,529,045</u>	<u>\$ 2,529,045</u>	<u>\$ 3,972,880</u>	<u>\$ 1,443,835</u>

See notes to basic financial statements

YAMHILL COUNTY

**SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 746,600	\$ 746,600	\$ 832,785	\$ 86,185
Interest earnings	25,500	25,500	13,557	(11,943)
Other	2,700	2,700	2,826	126
	774,800	774,800	849,168	74,368
TOTAL REVENUES				
EXPENDITURES				
Personal services	319,767	319,767	325,624	(5,857)
Materials and services	674,830	1,356,830	361,194	995,636
Contingency	3,101,403	2,419,403	-	2,419,403
	4,096,000	4,096,000	686,818	3,409,182
TOTAL EXPENDITURES				
Excess (deficiency) of revenues over expenditures	(3,321,200)	(3,321,200)	162,350	3,483,550
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of interfund loan	-	520,000	520,000	-
Transfers in	-	12,736	12,736	-
Transfers out	(78,800)	(78,800)	(78,800)	-
	(78,800)	453,936	453,936	-
TOTAL OTHER FINANCING SOURCES (USES)				
Net change in fund balance	(3,400,000)	(2,867,264)	616,286	3,483,550
Fund balance at beginning of year	3,400,000	2,867,264	2,852,798	(14,466)
Fund balance at end of year	\$ -	\$ -	\$ 3,469,084	\$ 3,469,084

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2011**

	<u>Proprietary</u>	<u>(Governmental Activities)</u>
	Cove Orchard Sewer Service District	Internal Service
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 72,272	\$ 5,125,008
Receivables	3,247	10,361
Due from other funds	-	202,668
	<hr/>	<hr/>
Total current assets	75,519	5,338,037
	<hr/>	<hr/>
Capital assets		
Land	78,356	-
Other capital assets, net	3,830	-
	<hr/>	<hr/>
Total capital assets, net	82,186	-
	<hr/>	<hr/>
TOTAL ASSETS	157,705	5,338,037
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	294	28,467
Payroll and related liabilities	381	4,678
Compensated absences payable	-	8,982
	<hr/>	<hr/>
TOTAL LIABILITIES	675	42,127
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	82,186	-
Unrestricted	74,844	5,295,910
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 157,030	\$ 5,295,910
	<hr/>	<hr/>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	<u>Proprietary</u>	<u>(Governmental Activities)</u>
	Cove Orchard Sewer Service District	Internal Service
OPERATING REVENUES		
Charges for services	\$ 44,814	\$ 51,492
Other	<u>-</u>	<u>152,053</u>
TOTAL OPERATING REVENUES	<u>44,814</u>	<u>203,545</u>
OPERATING EXPENSES		
Personal services	5,799	549,478
Materials and services	45,592	882,048
Depreciation	<u>1,394</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>52,785</u>	<u>1,431,526</u>
Operating (loss)	(7,971)	(1,227,981)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	<u>372</u>	<u>20,076</u>
(Loss) before transfers	<u>(7,599)</u>	<u>(1,207,905)</u>
TRANSFERS		
Transfers in	-	2,997,200
Transfers out	<u>(301)</u>	<u>(985,729)</u>
TOTAL TRANSFERS	<u>(301)</u>	<u>2,011,471</u>
Change in net assets	(7,900)	803,566
Net assets - beginning	<u>164,930</u>	<u>4,492,344</u>
Net assets - ending	<u>\$ 157,030</u>	<u>\$ 5,295,910</u>

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2011**

	<u>Proprietary</u>	<u>(Governmental Activities)</u>
	<u>Cove Orchard Sewer Service District</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 44,741	\$ -
Receipts from interfund services provided	-	51,245
Other receipts	-	159,453
Payments to suppliers of goods or services	(47,434)	(891,048)
Payments to employees for services	<u>(5,668)</u>	<u>(552,190)</u>
Net cash (used in) operating activities	<u>(8,361)</u>	<u>(1,232,540)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	-	(202,668)
Transfers in	-	2,997,200
Transfers out	<u>-</u>	<u>(985,729)</u>
Net cash provided by operating activities	<u>-</u>	<u>1,808,803</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>372</u>	<u>20,076</u>
Net increase (decrease) in cash and cash equivalents	(7,989)	596,339
Cash and cash equivalents - beginning of year	<u>80,261</u>	<u>4,528,669</u>
Cash and cash equivalents - end of year	<u>\$ 72,272</u>	<u>\$ 5,125,008</u>
Reconciliation of operating (loss) to net cash (used in) operating activities		
Operating (loss)	\$ (7,971)	\$ (1,227,981)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities		
Depreciation	1,394	-
(Increase) decrease in assets:		
Receivables	(72)	7,153
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,541)	(13,578)
Payroll and related liabilities	130	2,212
Compensated absences payable	<u>-</u>	<u>(346)</u>
Net cash provided by operating activities	<u>\$ (8,060)</u>	<u>\$ (1,232,540)</u>

See notes to basic financial statements

YAMHILL COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 2,185,919
Property taxes receivable	<u>7,739,958</u>
 TOTAL ASSETS	 \$ <u>9,925,877</u>
 <u>LIABILITIES</u>	
Due to other taxing districts/agencies	\$ 9,844,940
Other liabilities	<u>80,937</u>
 TOTAL LIABILITIES	 \$ <u>9,925,877</u>

See notes to basic financial statements

YAMHILL COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. Summary of significant accounting policies

The reporting entity

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

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

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

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Government-wide and fund financial statements (continued)

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

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

Measurement focus, basis of accounting and financial statement presentation

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

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The County has elected to not apply FASB pronouncements issued after November 30, 1989.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

The County reports the following major governmental funds:

General - accounts for all financial resources of the general government, except those required to be accounted for in another fund. With the implementation of GASB 54, the O&C Reserve Fund has been combined with the General Fund for financial reporting purposes.

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

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

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

The County reports the following major proprietary funds:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Budget policies and budgetary control

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

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

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

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

Risk management

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

Cash and cash equivalents

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

Property taxes

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Property taxes (continued)

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

Grants and entitlements

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

Other receivables

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

Capital assets

Capital assets, which include property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment of the County are depreciated using the straight-line method over estimated useful lives as follows:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Long-term obligations

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

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

Solid Waste Landfills Post-Closure Care Liability

The County accepted ownership of two landfills in the 1980's and is responsible for their maintenance costs per DEQ. The two landfills are the Whiteson landfill which closed in 1983 and the Newberg landfill which closed in 1985. The County has received closure landfill permits from the Oregon Department of Environmental Quality. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site.

The County has recorded a liability for the estimated cost of landfill post-closure care. This estimated liability was the total permit and worst-case scenario costs as estimated by the May 2009 Parametrix analysis reduced by the actual costs incurred in the fiscal year 2009-10. The County has a \$10 million insurance policy which provides coverage for bodily injury, property damage, and remediation costs for pre-existing and new pollution incidents reported during the current policy period of March 29, 2006 to 2011. The County accounts for the costs of maintaining the closed landfills in the Solid Waste Fund.

The estimated future costs to maintain and monitor the landfill may change due to one or more of the following factors: inflation, deflation, changes in technology or changes to applicable laws or regulations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Equity

Government-wide and proprietary fund financial statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental Fund Type Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different fund balance categories that a governmental entity must use for financial reporting purposes in its governmental fund types.

GASB 54 requires governmental type fund balance amounts to be properly reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Commissioners has granted authority to assign fund balance amounts.

Unassigned — the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Compensated absences

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

Use of estimates

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

2. Deposits and investments

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

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

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

As of June 30, 2011, the County had the following investments:

	<u>Standard and Poor's Ratings</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	N/A	\$ 19,393,590

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Custodial Credit Risk - Deposits. This is the risk that in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the County's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2011, \$6,778,299 of the County's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the County's name.

A. The County's deposits and investments at June 30, 2011 are as follows:

Total investments	\$ 19,393,590
Cash on hand	13,775
Cash with fiscal agent	76,026
Deposits with financial institutions	<u>7,010,345</u>
 Total deposits and investments	 <u>\$ 26,493,736</u>

B. Cash and investments by fund:

Governmental activities/funds

General	\$ 6,925,870
Road	1,261,889
Health and Human Services	3,997,101
Solid Waste	3,409,999
Other	<u>3,515,678</u>

Total governmental funds 19,110,537

Internal Service funds 5,125,008

Total governmental activities 24,235,545

Business-type activities/Proprietary fund

Cove Orchard Sewer Service District 72,272

Fiduciary fund

Agency 2,185,919

Total cash and investments \$ 26,493,736

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The County's receivables at June 30, 2011 are as follows:

	<u>General</u>	<u>Road</u>	<u>Health and Human Services</u>	<u>Solid Waste</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property taxes	\$ 1,563,510	\$ -	\$ -		\$ 28,446	\$ 1,591,956
Accounts	<u>1,083,998</u>	<u>510,367</u>	<u>641,210</u>	<u>79,258</u>	<u>241,292</u>	<u>2,556,125</u>
	<u>\$ 2,647,508</u>	<u>\$ 510,367</u>	<u>\$ 641,210</u>	<u>\$ 79,258</u>	<u>\$ 269,738</u>	<u>\$ 4,148,081</u>

	<u>Internal Service</u>	<u>Total Governmental Activities</u>	<u>Business Activities/ Proprietary fund Cove Orchard Sewer Service District</u>	<u>Fiduciary Agency</u>	<u>Totals</u>
Property taxes	\$ -	\$ 1,591,956	\$ -	\$ 7,739,958	\$ 9,331,914
Accounts	<u>10,361</u>	<u>2,556,125</u>	<u>3,247</u>	<u>-</u>	<u>2,569,733</u>
	<u>\$ 10,361</u>	<u>\$ 4,148,081</u>	<u>\$ 3,247</u>	<u>\$ 7,739,958</u>	<u>\$ 11,901,647</u>

B. Property taxes

i. Collection procedures

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes (continued)

ii. Transactions

	Balances July 1, 2010	2010-11 Levy	Adjustments	Net Interest (Discounts)	Collections	Balances June 30, 2011
Current	\$ -	\$ 102,844,339	\$ (180,820)	\$ (2,409,410)	\$ (95,093,483)	\$ 5,160,626
Prior	<u>8,802,989</u>	<u>-</u>	<u>(129,360)</u>	<u>621,744</u>	<u>(5,124,085)</u>	<u>4,171,288</u>
	<u>\$ 8,802,989</u>	<u>\$ 102,844,339</u>	<u>\$ (310,180)</u>	<u>\$ (1,787,666)</u>	<u>\$ (100,217,568)</u>	<u>\$ 9,331,914</u>

iii. Ensuing year's levies

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

The Yamhill County Extension Service District's permanent tax rate is \$.0449 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2011 was as follows:

	Balances July 1, 2010	Additions	Deletions	Balances June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 2,649,034	\$ -	\$ -	\$ 2,649,034
Right-of-way	27,583,456	-	-	27,583,456
Gravel roads	19,148,800	-	-	19,148,800
	<u>49,381,290</u>	<u>-</u>	<u>-</u>	<u>49,381,290</u>
Capital assets being depreciated:				
Buildings	19,162,144	-	-	19,162,144
Machinery and equipment	14,739,304	1,385,222	(84,045)	16,040,481
Infrastructure	358,236,428	1,400,498	(902,513)	358,734,413
	<u>392,137,876</u>	<u>2,785,720</u>	<u>(986,558)</u>	<u>393,937,038</u>
Less accumulated depreciation for:				
Buildings	5,283,365	397,930	-	5,681,295
Machinery and equipment	9,017,339	1,332,872	-	10,350,211
Infrastructure	251,098,314	10,132,147	(902,513)	260,327,948
	<u>265,399,018</u>	<u>11,862,949</u>	<u>(902,513)</u>	<u>276,359,454</u>
Total capital assets being depreciated, net	<u>126,738,858</u>	<u>(9,077,229)</u>	<u>(84,045)</u>	<u>117,577,584</u>
Governmental activities capital assets, net	<u>\$ 176,120,148</u>	<u>\$ (9,077,229)</u>	<u>\$ (84,045)</u>	<u>\$ 166,958,874</u>

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

Governmental activities:	
General government	\$ 1,462,919
Public safety	89,090
Highways and streets	10,269,673
Health and sanitation	17,145
Parks, culture and recreation	24,122
	<u>\$11,862,949</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

B. Capital asset activity for the business-type activities for the year ended June 30, 2011 was as follows:

	Balances June 30, 2010	Additions	Balances June 30, 2011
Capital assets, not being depreciated			
Land	\$ 78,356	\$ -	\$ 78,356
Capital assets, being depreciated			
Buildings and equipment	963,173	-	963,173
Less accumulated depreciation for:			
Buildings and equipment	<u>(957,949)</u>	<u>(1,394)</u>	<u>(959,343)</u>
Total capital assets, being depreciated, net	<u>5,224</u>	<u>(1,394)</u>	<u>3,830</u>
Total capital assets	<u>\$ 83,580</u>	<u>\$ (1,394)</u>	<u>\$ 82,186</u>

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

Business-type activities:

 Sewer \$ 1,394

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations

A. Transactions for the year ended June 30, 2011 are as follows:

	Outstanding July 1, 2010	Additions	Reductions	Outstanding June 30, 2011	Balances Due Within One Year
<u>Governmental activities</u>					
Full Faith and Credit Bond original amount \$1,750,000; interest rates of 2.0 percent to 4.7 percent					
Principal	\$ 905,000	\$ -	\$ 50,000	\$ 855,000	\$ 50,000
Interest	-	38,700	38,700	-	
	<u>905,000</u>	<u>38,700</u>	<u>88,700</u>	<u>855,000</u>	
Loan - Oregon Economic and Community Development Department (OECDD), original commitment \$1,000,000; interest at 2.61 percent					
Principal	1,262,154		48,081	1,214,073	48,324
Interest	-	55,220	55,220	-	
	<u>1,262,154</u>	<u>55,220</u>	<u>103,301</u>	<u>1,214,073</u>	
Capital Lease - Unisys Leasing for hardware and software, interest at 4.107 percent					
Principal	165,758	-	43,825	121,933	45,643
Interest	-	6,362	6,362	-	
	<u>165,758</u>	<u>6,362</u>	<u>50,187</u>	<u>121,933</u>	
Landfill liability	3,562,119		34,985	3,527,134	177,713
Vested compensated absences	<u>1,219,142</u>	<u>1,322,565</u>	<u>1,311,161</u>	<u>1,230,546</u>	<u>1,230,546</u>
Principal	7,114,173	1,322,565	1,488,052	6,948,686	
Interest	-	100,282	100,282	-	
	<u>\$ 7,114,173</u>	<u>\$ 1,422,847</u>	<u>\$ 1,588,334</u>	<u>\$ 6,948,686</u>	<u>\$ 1,552,226</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

B. The future maturities of long-term obligations outstanding as of June 30, 2011 is as follows:

Fiscal Year	Full Faith and Credit Bond		Loan		Capital Lease		Vested	Totals	
	August 27, 2003		OECDD		Unisys Leasing		Compensated		
	Principal	Interest	Principal	Interest	Principal	Interest	Absences	Principal	Interest
2012	\$ 50,000	\$ 36,825	\$ 48,324	\$ 53,777	\$ 45,643	\$ 4,544	\$ 1,230,546	\$ 1,374,513	\$ 95,146
2013	55,000	34,725	48,573	52,327	37,370	2,753	-	140,943	89,805
2014	55,000	32,525	48,873	50,627	38,920	1,203	-	142,793	84,355
2015	55,000	30,243	54,184	48,917	-	-	-	109,184	79,160
2016	60,000	27,770	54,551	46,749	-	-	-	114,551	74,519
2017-21	340,000	96,786	303,914	198,890	-	-	-	643,914	295,676
2022-26	240,000	17,389	381,987	125,191	-	-	-	621,987	142,580
2027-31	-	-	273,667	26,948	-	-	-	273,667	26,948
	<u>\$ 855,000</u>	<u>\$ 276,263</u>	<u>\$ 1,214,073</u>	<u>\$ 603,426</u>	<u>\$ 121,933</u>	<u>\$ 8,500</u>	<u>\$ 1,230,546</u>	<u>\$ 3,421,552</u>	<u>\$ 888,189</u>

C. The landfill post-closure care liability represents the total permit and worst-case scenario costs of the Whitson and Newberg landfills per the May 2009 analysis by Parametrix less actual costs paid in this fiscal year of \$34,985. Future maturities have not been established but the County has budgeted \$177,713 to be retired in the ensuing fiscal year. However, future maturities are subject to change due to inflation, deflation, changes in technology or changes to applicable laws or regulations.

6. Conduit debt

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

On April 3, 2003, Yamhill County created a component unit, the Yamhill County Hospital Authority ("Authority").

On April 24, 2003 the Authority issued \$17,500,000 in revenue bonds. The proceeds were assigned to Friendsview Manor dba Friendsview Retirement Community, an Oregon non-profit organization, to finance the costs of a new retirement facility. Friendsview Manor pledged revenue to secure the payment of the bonds and is further secured by a credit facility issued by U.S. Bank.

On October 24, 2007, Friendsview Manor issued variable rate demand series 2007 bonds in the amount of \$23,620,000 to fully defease the 2003 revenue bonds, finance improvements, remodeling and expansion of the continuing care retirement community, and to pay the costs associated with issuance of the bonds. The bonds do not constitute a debt or liability of the Authority or Yamhill County. The Authority has no taxing power.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Conduit debt (continued)

On May 1, 2005, Yamhill County issued tax-exempt variable rate demand revenue bonds, series 2005A and federally taxable variable demand rate revenue bonds, series 2005B in the aggregate amount of \$28,400,000. The bonds that were issued, series 2005A and series 2005B, can be collectively be referred to as "the series 2005 bonds". The proceeds of the series 2005 bonds were assigned to George Fox University ("University") for the following purposes:

- finance the costs of construction, additions, renovations, improvements and equipping of the University's new residence hall and the Herbert Hoover Academic Building,
- improvements to parking areas and athletic facilities,
- acquisition of property contiguous to the Newberg Campus and capital improvements thereto,
- improvements to educational and educational support facilities located on the Newberg Campus, and
- provide funds sufficient to pay maturing principal and interest on the 1997 series A bonds when due beginning October 1, 2005, and redeem all remaining principal amounts on the 1997 Series A bonds on March 1, 2007. The outstanding amounts for Series 2005A and Series 2005B issues at June 30, 2011 are \$19,280,000 and \$4,805,000 respectively.

7. Interfund balances and transfers

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

Fund	Transfers	
	In	Out
General	\$ 1,573,697	\$ 4,738,177
Road	546,632	690,948
Health and Human Services	1,811,915	1,888,550
Solid Waste	12,736	227,824
Other Governmental	2,642,206	1,655,672
Governmental activities - non-cash	602,815	-
Cove Orchard Sewer Service District	-	301
Internal Service	2,997,200	382,914
Internal Service - non-cash	-	602,815
	<u>\$ 10,187,201</u>	<u>\$ 10,187,201</u>

Transfers between funds were made to facilitate operations of County services, provide for transfers to the Internal Service Funds and provide sufficient operating resources to the Health and Human Services and Other Governmental funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Interfund balances and transfers (continued)

B. Advances and due to/from other funds are as follows:

Advances to other funds	Advances from other funds		
	Road	Other Governmental Funds	Totals
General	\$ -	\$ 852,826	\$ 852,826
Other governmental Funds	-	29,931	29,931
Internal Service	<u>202,668</u>	<u>-</u>	<u>202,668</u>
Totals	<u>\$ 202,668</u>	<u>\$ 882,757</u>	<u>\$ 1,085,425</u>

The General Fund made two loans to the Capital Improvement Fund. One to acquire real properties; property at 638 Davis Street and a block of three large commercial buildings in McMinnville and a second for a new chiller in the County Courthouse. The remaining balances on these loans are \$621,564 and \$231,262, respectively, for a total of \$852,826. An internal service fund (Motor Vehicle Replacement) which maintains the County's fleet of vehicles provided funds to the Public Works department. The final loan was made to the Capital Improvement Fund to provide matching funds for the new Health and Human Services Building.

8. Deferred revenue

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

	General	Health and Human Services	Other Governmental Funds	Totals
Property taxes	\$ 1,251,588	\$ -	\$ 23,136	\$ 1,274,724
Other	-	3,147	3,130	6,277
Prepaid items	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>21,000</u>
Total	<u>\$ 1,272,588</u>	<u>\$ 3,147</u>	<u>\$ 26,266</u>	<u>\$ 1,302,001</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Retirement plan

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

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

- Long-term inflation rate of 2.75 percent per year
- Rate of return on investments of 8 percent
- Projected increases in salaries of 3.75 percent
- Health cost inflation graded from 7% in 2010 to 4.5% in 2029

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

For employees hired before August 29, 2003 – 14.18 percent

For employees hired after August 29, 2003:

Police and fire – 11.65 percent

All other employees – 8.04 percent

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Retirement plan (continued)

The County's contribution to the plan for the years ending June 30, 2011, 2010, and 2009, were as follows:

June 30,	Annual Pension Cost (APC)	Contributions	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 2,289,099	\$ 2,289,099	100	\$ -
2010	2,326,813	2,326,813	100	-
2009	3,167,368	3,167,368	100	-

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
2010	\$ 50,594,864	\$ 50,082,170	\$ (512,694)	101%	\$ 22,476,974	(2%)
2009	46,262,877	45,990,333	(272,544)	101%	21,770,669	(1%)
2008	39,730,256	42,184,835	2,454,579	94%	20,819,666	12%
2007	53,483,124	38,797,756	(14,685,368)	138%	19,196,097	(77%)
2006	48,376,680	35,252,368	(13,124,312)	137%	18,238,600	(72%)
2005	40,848,229	31,906,359	(8,941,870)	128%	16,765,134	(53%)
2004	32,355,464	30,084,814	(2,270,650)	108%	16,198,706	(14%)
2003	25,246,454	26,093,816	847,362	97%	15,193,244	6%
2001	22,367,955	19,185,831	(3,182,124)	117%	15,864,020	(20%)

10. Other post-employment benefits

Plan description and benefits provided

The County provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits. As required by ORS 243.303(2) retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

Membership

The County's membership in the plan at August 1, 2010 (the date of the first actuarial valuation) consisted of the following:

Active employees	307
Retirees, spouses or dependents	<u>23</u>
Total	<u>330</u>

Funding policy and contributions

The County funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The premium requirements for the County are as follows:

For retirees	\$ 510
For spouses of retirees	482

The County has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

Annual OPEB cost and net OPEB Obligation

The County had its first actuarial valuation performed as of August 1, 2010 to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost is equal to the ARC as follows:

Normal cost	\$ 225,020
Amortization of UAAL	<u>171,093</u>
Annual required contribution	<u>\$ 396,113</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

The net OPEB obligation as of June 30, 2011 was calculated as follows:

Annual required contribution	\$ 396,113
Interest on prior year Net OPEB	25,548
Adjustment to ARC	(40,075)
Contributions made	<u>(125,127)</u>
Increase in net OPEB obligation	256,459
Net OPEB obligation at beginning of year	<u>567,736</u>
Net OPEB obligation at end of year	<u>\$ 824,195</u>

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 381,586	32.79%	\$ 824,195
2010	361,463	30.35%	567,736
2009	444,169	28.86%	315,972

In future years the above information will be accumulated until 3 years of information is presented.

Funded status and funding progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2010	\$ --	\$ 1,671,079	\$ 1,671,079	0%	\$ 21,694,412	7.7%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

Actuarial methods and assumptions

Actuarial valuations will be performed every two years for the County's OPEB plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the August 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 4.5 percent rate for discounting future liabilities, a payroll growth rate of 3.75 percent per year, annual premium rate increases from 8 percent in 2009 to 5 percent in 2024, and participation rate of 70 percent of future retirees electing coverage under the plan. The unfunded actuarial accrued liability is being amortized using a level percent of payroll over a period of 15 years. As of August 1, 2010 the remaining amortization period is 13 years.

11. Contingency – Sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2011, employees of the County had accumulated 6,168 days of sick leave.

12. Litigation

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

13. Net assets restricted through enabling legislation

Net assets resulting from the County's receipt of state gas tax revenue are restricted for road repairs and improvements in the amount of \$1,304,122.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Fund deficit

The financial statements include cumulative fund deficit in the Capital Improvement Fund of \$(439,402).

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

15. Governmental Fund Balances

Fund balances for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

Fund balances:	General	Road	Health and Human Services	Solid Waste	Other Governmental Funds	Totals
Nonspendable						
Inventory	\$ -	\$ 213,941	\$ -	\$ -	\$ -	\$ 213,941
Prepaid items	2,145	-	-	-	8,228	10,373
Restricted for:						
Highways and streets	-	1,304,122	-	-	-	1,304,122
Schools and education	-	-	-	-	87,195	87,195
Health services	-	-	3,972,880	3,469,084	-	7,441,964
County library	-	-	-	-	49,650	49,650
Grants	-	-	-	-	111,347	111,347
Public safety	-	-	-	-	1,525,207	1,525,207
County fair	-	-	-	-	12,299	12,299
Capital projects	-	-	-	-	321,405	321,405
Other purposes	-	-	-	-	890,233	890,233
Assigned for:						
Capital projects	-	-	-	-	12	12
Unassigned:	<u>8,223,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(439,402)</u>	<u>7,783,941</u>
Total fund balances	<u>\$ 8,225,488</u>	<u>\$ 1,518,063</u>	<u>\$ 3,972,880</u>	<u>\$ 3,469,084</u>	<u>\$ 2,566,174</u>	<u>\$ 19,751,689</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. Budgetary perspective differences

The amounts reported for the general fund in the governmental fund financial statements are different than the amounts reported in the budget to actual comparison statement as follows:

	<u>General</u>	<u>Road</u>	<u>Health and Human Services</u>	<u>Solid Waste</u>
Revenues				
Total fund revenues - budgetary basis	\$ 26,172,131	\$ 6,399,920	\$ 13,841,060	\$ 849,168
Revenues of separately budgeted funds which are included in the fund on the governmental fund financial statements:				
O&C Reserve	238,958	-	-	-
Certain items are classified as revenues on the budgetary basis and are shown as other financing sources on the governmental fund financial statements	<u>(47,646)</u>	<u>(6,914)</u>	<u>(28,800)</u>	<u>-</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 26,363,443</u>	<u>\$ 6,393,006</u>	<u>\$ 13,812,260</u>	<u>\$ 849,168</u>
Expenditures				
Total fund expenditures - budgetary basis	\$ 24,453,955	\$ 6,349,822	\$ 15,099,997	\$ 686,818
Expenditures of separately budgeted funds which are included in the fund on the governmental fund financial statements:				
O&C Reserve	81,969	-	-	-
Certain items are classified as expenditures on the budgetary basis and are shown as other financing (uses) on the governmental fund financial statements	<u>(2,362,810)</u>	<u>(690,948)</u>	<u>(1,888,550)</u>	<u>(149,024)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 22,173,114</u>	<u>\$ 5,658,874</u>	<u>\$ 13,211,447</u>	<u>\$ 537,794</u>
Other financing sources (uses)				
Total fund other financing sources (uses) - budgetary basis	\$ (747,294)	\$ 742,386	\$ 1,783,115	\$ 453,936
Certain items are classified as revenues/expenditures on the budgetary basis and are shown as other financing sources (uses) on the governmental fund financial statements	<u>(2,417,186)</u>	<u>(886,702)</u>	<u>(1,859,750)</u>	<u>(669,024)</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (3,164,480)</u>	<u>\$ (144,316)</u>	<u>\$ (76,635)</u>	<u>\$ (215,088)</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

18. Expenditures in excess of appropriations

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

Expenditures in excess of appropriations occurred as follows:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
Veterans	\$ 129,523	\$ 134,023	\$ (4,500)
Non-departmental	587,235	736,297	(149,062)
Air support	2,042	3,904	(1,862)

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

YAMHILL COUNTY
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2011

	General	O&C Reserve	Totals
<u>ASSETS</u>			
Cash and investments	\$ 5,689,599	\$ 1,236,271	\$ 6,925,870
Receivables	2,647,508	-	2,647,508
Prepaid items	2,145	-	2,145
Advances to other funds	852,826	-	852,826
	<u>9,192,078</u>	<u>1,236,271</u>	<u>10,428,349</u>
TOTAL ASSETS	\$ 9,192,078	\$ 1,236,271	\$ 10,428,349
<u>LIABILITIES</u>			
Account payable	\$ 485,673	\$ -	\$ 485,673
Payroll and related liabilities	448,725	-	448,725
Deposits	12,041	-	12,041
Deferred revenue	1,272,588	-	1,272,588
	<u>2,219,027</u>	<u>-</u>	<u>2,219,027</u>
TOTAL LIABILITIES	2,219,027	-	2,219,027
<u>FUND BALANCES</u>			
Nonspendable	2,145	-	2,145
Unassigned	6,970,906	1,236,271	8,207,177
	<u>6,973,051</u>	<u>1,236,271</u>	<u>8,209,322</u>
TOTAL FUND BALANCES	6,973,051	1,236,271	8,209,322
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,192,078	\$ 1,236,271	\$ 10,428,349

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
For the Year Ended June 30, 2011**

	General	O&C Reserve	Totals
REVENUES			
Property taxes	\$ 17,429,590	\$ -	\$ 17,429,590
Licenses, permits and fees	597,237	-	597,237
Intergovernmental	4,422,999	233,655	4,656,654
Charges for services	2,716,311	-	2,716,311
Fines and forfeitures	410,531	-	410,531
Interest	31,715	5,303	37,018
Other	499,936	-	499,936
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	26,108,319	238,958	26,347,277
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	9,523,226	2,575	9,525,801
Public safety	11,948,340	-	11,948,340
Parks, culture, and recreation	243,846	-	243,846
Capital outlay	375,733	79,394	455,127
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	22,091,145	81,969	22,173,114
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	4,017,174	156,989	4,174,163
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,573,697	-	1,573,697
Transfers out	(4,738,177)	-	(4,738,177)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(3,164,480)	-	(3,164,480)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	852,694	156,989	1,009,683
Fund balances at beginning of year	6,120,357	1,079,282	7,199,639
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 6,973,051	\$ 1,236,271	\$ 8,209,322
	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**O&C RESERVE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 233,554	\$ 233,655	\$ 101
Interest	<u>5,000</u>	<u>5,303</u>	<u>303</u>
 TOTAL REVENUES	 <u>238,554</u>	 <u>238,958</u>	 <u>404</u>
 EXPENDITURES			
Materials and services	1,258,554	2,575	1,255,979
Capital outlay	<u>60,000</u>	<u>79,394</u>	<u>(19,394)</u>
 TOTAL EXPENDITURES	 <u>1,318,554</u>	 <u>81,969</u>	 <u>1,236,585</u>
 Net change in fund balance	 (1,080,000)	 156,989	 1,236,989
Fund balance at beginning of year	<u>1,080,000</u>	<u>1,079,282</u>	<u>(718)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 1,236,271</u>	 <u>\$ 1,236,271</u>

YAMHILL COUNTY

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2011**

	Special Revenue	Capital Projects	Totals
<u>ASSETS</u>			
Cash and investments	\$ 2,672,766	\$ 842,912	\$ 3,515,678
Receivables	248,102	21,636	269,738
Prepaid items	8,228	-	8,228
Advances to other funds	29,931	-	29,931
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,959,027	\$ 864,548	\$ 3,823,575
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Account payable	\$ 125,900	\$ 81,948	\$ 207,848
Payroll and related liabilities	115,269	17,828	133,097
Deposits	7,433	-	7,433
Advances from other funds	-	882,757	882,757
Deferred revenue	26,266	-	26,266
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	274,868	982,533	1,257,401
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Nonspendable	8,228	-	8,228
Restricted	2,675,931	321,405	2,997,336
Assigned	-	12	12
Unassigned	-	(439,402)	(439,402)
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	2,684,159	(117,985)	2,566,174
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,959,027	\$ 864,548	\$ 3,823,575
	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	Special Revenue	Capital Projects	Totals
REVENUES			
Property taxes	\$ 300,090	\$ -	\$ 300,090
Licenses, permits and fees	248,358	-	248,358
Intergovernmental	3,894,167	292,784	4,186,951
Charges for services	1,174,537	112,755	1,287,292
Fines and forfeitures	14,177	-	14,177
Interest	17,780	1,911	19,691
Other	152,625	43,877	196,502
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	5,801,734	451,327	6,253,061
EXPENDITURES			
Current			
General government	896,952	1,181,511	2,078,463
Public safety	3,641,583	100,261	3,741,844
Parks, culture, and recreation	332,658	21,032	353,690
Education	129,122	-	129,122
Capital outlay	282,483	609,755	892,238
Debt service	-	192,001	192,001
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	5,282,798	2,104,560	7,387,358
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	518,936	(1,653,233)	(1,134,297)
OTHER FINANCING SOURCES (USES)			
Transfers in	580,978	2,061,228	2,642,206
Transfers out	(1,432,867)	(222,805)	(1,655,672)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(851,889)	1,838,423	986,534
Net change in fund balances	(332,953)	185,190	(147,763)
Fund balances at beginning of year	3,017,112	(303,175)	2,713,937
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 2,684,159	\$ (117,985)	\$ 2,566,174

YAMHILL COUNTY

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS**

June 30, 2011

	Community Corrections	County Clerk's Records	Dog Control	Law Library	County School	Commission on Children and Families
<u>ASSETS</u>						
Cash and investments	\$ 1,185,928	\$ 133,719	\$ 317,862	\$ 46,664	\$ 200	\$ 69,320
Receivables	104,908	(20)	-	9,492	-	45,810
Prepaid items	2,000	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,292,836	\$ 133,699	\$ 317,862	\$ 56,156	\$ 200	\$ 115,130
<u>LIABILITIES</u>						
Account payable	\$ 63,014	\$ 396	\$ 8,581	\$ 6,934	\$ -	\$ 25,921
Payroll and related liabilities	91,915	-	7,931	(428)	-	7,629
Deposits	-	-	4,619	-	-	-
Deferred revenue	-	-	-	-	-	-
TOTAL LIABILITIES	154,929	396	21,131	6,506	-	33,550
<u>FUND BALANCES</u>						
Nonspendable	2,000	-	-	-	-	-
Restricted	1,135,907	133,303	296,731	49,650	200	81,580
TOTAL FUND BALANCES	1,137,907	133,303	296,731	49,650	200	81,580
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,292,836	\$ 133,699	\$ 317,862	\$ 56,156	\$ 200	\$ 115,130

County Fair	911 Emergency System	Economic Development	Corner Restoration	Title III	Yamhill Emergency Communications District	Extension Service District	Totals
\$ 19,478	\$ 35,025	\$ 250,663	\$ 494,431	\$ 29,767	\$ 8,089	\$ 81,620	\$ 2,672,766
(1,167)	60,585	-	48	-	1,523	26,923	248,102
6,228	-	-	-	-	-	-	8,228
-	-	-	29,931	-	-	-	29,931
<u>\$ 24,539</u>	<u>\$ 95,610</u>	<u>\$ 250,663</u>	<u>\$ 524,410</u>	<u>\$ 29,767</u>	<u>\$ 9,612</u>	<u>\$ 108,543</u>	<u>\$ 2,959,027</u>
\$ 1,171	\$ 11,065	\$ 2,068	\$ 6,750	\$ -	\$ -	\$ -	\$ 125,900
1,711	-	254	6,257	-	-	-	115,269
-	-	-	2,814	-	-	-	7,433
3,130	-	-	-	-	1,588	21,548	26,266
6,012	11,065	2,322	15,821	-	1,588	21,548	274,868
6,228	-	-	-	-	-	-	8,228
12,299	84,545	248,341	508,589	29,767	8,024	86,995	2,675,931
18,527	84,545	248,341	508,589	29,767	8,024	86,995	2,684,159
<u>\$ 24,539</u>	<u>\$ 95,610</u>	<u>\$ 250,663</u>	<u>\$ 524,410</u>	<u>\$ 29,767</u>	<u>\$ 9,612</u>	<u>\$ 108,543</u>	<u>\$ 2,959,027</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011**

	Community Corrections	County Clerk's Records	Dog Control	Law Library	County School	Commission on Children and Families
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	248,358	-	-	-
Intergovernmental	2,636,010	-	-	-	121,889	589,313
Charges for services	607,590	15,798	21,778	118,684	-	-
Fines and forfeitures	-	-	14,177	-	-	-
Interest	9,674	608	1,597	204	114	464
Other	31,398	-	46,839	-	7,319	2,084
TOTAL REVENUES	<u>3,284,672</u>	<u>16,406</u>	<u>332,749</u>	<u>118,888</u>	<u>129,322</u>	<u>591,861</u>
EXPENDITURES						
Current						
General government	-	6,631	-	93,493	-	394,327
Public safety	3,126,522	-	321,333	-	-	-
Parks, culture, and recreation	-	-	-	-	-	-
Education	-	-	-	-	129,122	-
Capital outlay	5,220	-	-	-	-	-
TOTAL EXPENDITURES	<u>3,131,742</u>	<u>6,631</u>	<u>321,333</u>	<u>93,493</u>	<u>129,122</u>	<u>394,327</u>
Excess (deficiency) of revenues over expenditures	<u>152,930</u>	<u>9,775</u>	<u>11,416</u>	<u>25,395</u>	<u>200</u>	<u>197,534</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	529,305	377	-	-	-	562
Transfers out	(757,405)	(221)	(39,440)	(7,398)	-	(251,391)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(228,100)</u>	<u>156</u>	<u>(39,440)</u>	<u>(7,398)</u>	<u>-</u>	<u>(250,829)</u>
Net change in fund balances	(75,170)	9,931	(28,024)	17,997	200	(53,295)
Fund balances at beginning of year	1,213,077	123,372	324,755	31,653	-	134,875
Fund balances at end of year	<u>\$ 1,137,907</u>	<u>\$ 133,303</u>	<u>\$ 296,731</u>	<u>\$ 49,650</u>	<u>\$ 200</u>	<u>\$ 81,580</u>

County Fair	911 Emergency System	Economic Development	Corner Restoration	Title III	Courthouse Security	Yamhill Emergency Communications District	Extension Service District	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,090	\$ 300,090
-	-	-	-	-	-	-	-	248,358
36,031	198,281	229,773	-	82,870	-	-	-	3,894,167
268,225	-	-	142,462	-	-	-	-	1,174,537
-	-	-	-	-	-	-	-	14,177
(93)	178	1,227	3,029	170	-	-	605	17,780
64,985	-	-	-	-	-	-	-	152,625
<u>369,148</u>	<u>198,459</u>	<u>231,000</u>	<u>145,491</u>	<u>83,040</u>	<u>-</u>	<u>-</u>	<u>300,695</u>	<u>5,801,734</u>
-	-	65,018	336,986	497	-	-	-	896,952
-	193,728	-	-	-	-	-	-	3,641,583
332,658	-	-	-	-	-	-	-	332,658
-	-	-	-	-	-	-	-	129,122
10,948	-	-	-	-	-	-	266,315	282,483
<u>343,606</u>	<u>193,728</u>	<u>65,018</u>	<u>336,986</u>	<u>497</u>	<u>-</u>	<u>-</u>	<u>266,315</u>	<u>5,282,798</u>
<u>25,542</u>	<u>4,731</u>	<u>165,982</u>	<u>(191,495)</u>	<u>82,543</u>	<u>-</u>	<u>-</u>	<u>34,380</u>	<u>518,936</u>
47,000	-	-	3,734	-	-	-	-	580,978
(80,418)	-	(161,144)	(21,131)	(83,596)	(30,723)	-	-	(1,432,867)
(33,418)	-	(161,144)	(17,397)	(83,596)	(30,723)	-	-	(851,889)
(7,876)	4,731	4,838	(208,892)	(1,053)	(30,723)	-	34,380	(332,953)
26,403	79,814	243,503	717,481	30,820	30,723	8,024	52,615	3,017,112
<u>\$ 18,527</u>	<u>\$ 84,545</u>	<u>\$ 248,341</u>	<u>\$ 508,589</u>	<u>\$ 29,767</u>	<u>\$ -</u>	<u>\$ 8,024</u>	<u>\$ 86,995</u>	<u>\$ 2,684,159</u>

YAMHILL COUNTY

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS**

June 30, 2011

	Bicycle and Footpath	Capital Improvement	Capital Projects	Systems Development	Totals
<u>ASSETS</u>					
Cash and investments	\$ 226,385	\$ 526,128	\$ 12	\$ 90,387	\$ 842,912
Receivables	4,633	17,003	-	-	21,636
TOTAL ASSETS	<u>\$ 231,018</u>	<u>\$ 543,131</u>	<u>\$ 12</u>	<u>\$ 90,387</u>	<u>\$ 864,548</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ 81,948	\$ -	\$ -	\$ 81,948
Payroll and related liabilities	-	17,828	-	-	17,828
Advances from other funds	-	882,757	-	-	882,757
TOTAL LIABILITIES	<u>-</u>	<u>982,533</u>	<u>-</u>	<u>-</u>	<u>982,533</u>
<u>FUND BALANCES</u>					
Restricted for capital projects	231,018	-	-	90,387	321,405
Assigned for capital projects	-	-	12	-	12
Unassigned	-	(439,402)	-	-	(439,402)
TOTAL FUND BALANCES	<u>231,018</u>	<u>(439,402)</u>	<u>12</u>	<u>90,387</u>	<u>(117,985)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 231,018</u>	<u>\$ 543,131</u>	<u>\$ 12</u>	<u>\$ 90,387</u>	<u>\$ 864,548</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2011**

	Bicycle and Footpath	Capital Improvement	Capital Projects	Systems Development	Totals
REVENUES					
Intergovernmental	\$ 48,810	\$ 243,974	\$ -	\$ -	\$ 292,784
Charges for services	-	77,929	-	34,826	112,755
Interest	1,339	-	140	432	1,911
Other	-	43,877	-	-	43,877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	50,149	365,780	140	35,258	451,327
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Current					
General government	-	1,181,511	-	-	1,181,511
Public safety	100,261	-	-	-	100,261
Culture and recreation	-	-	-	21,032	21,032
Capital outlay	-	601,823	-	7,932	609,755
Debt service	-	192,001	-	-	192,001
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	100,261	1,975,335	-	28,964	2,104,560
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(50,112)	(1,609,555)	140	6,294	(1,653,233)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,061,228	-	-	2,061,228
Transfers out	(57,435)	(165,073)	-	(297)	(222,805)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(57,435)	1,896,155	-	(297)	1,838,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(107,547)	286,600	140	5,997	185,190
Fund balances at beginning of year	338,565	(726,002)	(128)	84,390	(303,175)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 231,018	\$ (439,402)	\$ 12	\$ 90,387	\$ (117,985)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**COMMUNITY CORRECTIONS - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,843,300	\$ 2,616,010	\$ (227,290)
Charges for services	704,000	609,404	(94,596)
Interest earnings	10,000	9,674	(326)
Other	<u>31,000</u>	<u>31,398</u>	<u>398</u>
TOTAL REVENUES	<u>3,588,300</u>	<u>3,266,486</u>	<u>(321,814)</u>
EXPENDITURES			
Jail			
Personal services	250,293	239,665	10,628
Materials and services	690,225	690,225	-
Capital outlay	<u>58,000</u>	<u>-</u>	<u>58,000</u>
Total Jail	<u>998,518</u>	<u>929,890</u>	<u>68,628</u>
Community Corrections			
Personal services	173,155	149,322	23,833
Materials and services	<u>18,246</u>	<u>20,198</u>	<u>(1,952)</u>
Total Community Corrections	<u>191,401</u>	<u>169,520</u>	<u>21,881</u>
State Enhancement			
Personal services	1,990,180	1,862,963	127,217
Materials and services	659,784	466,264	193,520
Capital outlay	<u>15,000</u>	<u>5,220</u>	<u>9,780</u>
Total State Enhancement	<u>2,664,964</u>	<u>2,334,447</u>	<u>330,517</u>
Victims Panel			
Materials and services	<u>3,078</u>	<u>2,103</u>	<u>975</u>
Work Release			
Personal services	204,270	188,501	15,769
Materials and services	<u>64,022</u>	<u>48,202</u>	<u>15,820</u>
Total Work Release	<u>268,292</u>	<u>236,703</u>	<u>31,589</u>

Continued on page 58

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

	Budget	Actual	Variance
EXPENDITURES (continued)			
Senate Bill 1145			
Personal services	\$ 178,934	\$ 136,478	\$ 42,456
Materials and services	94,291	55,336	38,955
Total Senate Bill 1145	<u>273,225</u>	<u>191,814</u>	<u>81,411</u>
Jail Facilities Maintenance			
Personal services	230,216	207,395	22,821
Materials and services	319,398	317,275	2,123
Total Jail Facilities Maintenance	<u>549,614</u>	<u>524,670</u>	<u>24,944</u>
TOTAL EXPENDITURES	<u>4,949,092</u>	<u>4,389,147</u>	<u>559,945</u>
Excess (deficiency) of revenues over expenditures	(1,360,792)	(1,122,661)	238,131
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>492,697</u>	<u>527,491</u>	<u>34,794</u>
Net change in fund balance	(868,095)	(595,170)	272,925
Fund balance at beginning of year	<u>1,233,791</u>	<u>1,733,077</u>	<u>499,286</u>
Fund balance at end of year	<u>\$ 365,696</u>	<u>\$ 1,137,907</u>	<u>\$ 772,211</u>

YAMHILL COUNTY

**COUNTY CLERK'S RECORDS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 17,407	\$ 15,798	\$ (1,609)
Interest	<u>1,779</u>	<u>608</u>	<u>(1,171)</u>
TOTAL REVENUES	<u>19,186</u>	<u>16,406</u>	<u>(2,780)</u>
EXPENDITURES			
Personal services	16,280	-	16,280
Materials and services	52,442	6,852	45,590
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>73,722</u>	<u>6,852</u>	<u>66,870</u>
Excess (deficiency) of revenues over expenditures	(54,536)	9,554	64,090
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>377</u>	<u>377</u>
Net change in fund balance	(54,536)	9,931	64,467
Fund balance at beginning of year	<u>117,270</u>	<u>123,372</u>	<u>6,102</u>
Fund balance at end of year	<u>\$ 62,734</u>	<u>\$ 133,303</u>	<u>\$ 70,569</u>

YAMHILL COUNTY

**DOG CONTROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 224,300	\$ 248,358	\$ 24,058
Charges for services	18,200	21,778	3,578
Fines and penalties	7,500	14,177	6,677
Interest	3,000	1,597	(1,403)
Miscellaneous	<u>25,550</u>	<u>46,839</u>	<u>21,289</u>
 TOTAL REVENUES	 <u>278,550</u>	 <u>332,749</u>	 <u>54,199</u>
 EXPENDITURES			
Personal services	280,145	263,784	16,361
Materials and services	112,446	96,989	15,457
Capital outlay	10,000	-	10,000
Contingency	<u>44,074</u>	<u>-</u>	<u>44,074</u>
 TOTAL EXPENDITURES	 <u>446,665</u>	 <u>360,773</u>	 <u>85,892</u>
 Net change in fund balance	 (168,115)	 (28,024)	 140,091
Fund balance at beginning of year	<u>280,000</u>	<u>324,755</u>	<u>44,755</u>
 Fund balance at end of year	 <u>\$ 111,885</u>	 <u>\$ 296,731</u>	 <u>\$ 184,846</u>

YAMHILL COUNTY

**LAW LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 88,020	\$ 118,684	\$ 30,664
Interest	300	204	(96)
Miscellaneous	<u>20</u>	<u>-</u>	<u>(20)</u>
TOTAL REVENUES	<u>88,340</u>	<u>118,888</u>	<u>30,548</u>
EXPENDITURES			
Personal services	14,837	9,250	5,587
Materials and services	95,503	91,641	3,862
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>
TOTAL EXPENDITURES	<u>130,340</u>	<u>100,891</u>	<u>29,449</u>
Net change in fund balance	(42,000)	17,997	59,997
Fund balance at beginning of year	<u>42,000</u>	<u>31,653</u>	<u>(10,347)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 49,650</u>	<u>\$ 49,650</u>

YAMHILL COUNTY

**COUNTY SCHOOL - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 120,000	\$ 121,889	\$ 1,889
Interest	50	114	64
Miscellaneous	<u>5,000</u>	<u>7,319</u>	<u>2,319</u>
 TOTAL REVENUES	 125,050	 129,322	 4,272
 EXPENDITURES			
Materials and services	<u>125,050</u>	<u>129,122</u>	<u>(4,072)</u>
 Net change in fund balance	 -	 200	 200
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 200</u>	 <u>\$ 200</u>

YAMHILL COUNTY

**COMMISSION ON CHILDREN AND FAMILIES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 1,429,504	\$ 589,313	\$ (840,191)
Interest	1,500	464	(1,036)
Other	<u>-</u>	<u>2,084</u>	<u>2,084</u>
TOTAL REVENUES	<u>1,431,004</u>	<u>591,861</u>	<u>(839,143)</u>
EXPENDITURES			
Personal services	238,097	242,316	(4,219)
Materials and services	1,273,273	403,402	869,871
Capital outlay	<u>7,000</u>	<u>-</u>	<u>7,000</u>
TOTAL EXPENDITURES	<u>1,518,370</u>	<u>645,718</u>	<u>872,652</u>
Excess (deficiency) of revenues over expenditures	(87,366)	(53,857)	33,509
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,500</u>	<u>562</u>	<u>(938)</u>
Net change in fund balance	(85,866)	(53,295)	32,571
Fund balance at beginning of year	<u>177,218</u>	<u>134,875</u>	<u>(42,343)</u>
Fund balance at end of year	<u>\$ 91,352</u>	<u>\$ 81,580</u>	<u>\$ (9,772)</u>

YAMHILL COUNTY

**COUNTY FAIR - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 36,000	\$ 36,031	\$ 31
Charges for services	291,534	268,225	(23,309)
Interest	50	(93)	(143)
Other	<u>66,848</u>	<u>64,985</u>	<u>(1,863)</u>
TOTAL REVENUES	<u>394,432</u>	<u>369,148</u>	<u>(25,284)</u>
EXPENDITURES			
County Fair			
Materials and services	<u>203,828</u>	<u>190,335</u>	<u>13,493</u>
Fair Event Center			
Personal services	63,841	62,657	1,184
Materials and services	192,041	160,084	31,957
Capital outlay	<u>13,850</u>	<u>10,948</u>	<u>2,902</u>
Total Fair Event Center	<u>269,732</u>	<u>233,689</u>	<u>36,043</u>
Contingency	<u>4,924</u>	<u>-</u>	<u>4,924</u>
TOTAL EXPENDITURES	<u>478,484</u>	<u>424,024</u>	<u>54,460</u>
Excess (deficiency) of revenues over expenditures	(84,052)	(54,876)	29,176
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>47,000</u>	<u>47,000</u>	<u>-</u>
Net change in fund balance	(37,052)	(7,876)	29,176
Fund balance at beginning of year	<u>37,052</u>	<u>26,403</u>	<u>(10,649)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 18,527</u>	<u>\$ 18,527</u>

YAMHILL COUNTY

**911 EMERGENCY SYSTEM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 238,000	\$ 198,281	\$ (39,719)
Interest	400	178	(222)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	238,400	198,459	(39,941)
EXPENDITURES			
Materials and services	<hr/> 309,900	<hr/> 193,728	<hr/> 116,172
Net change in fund balance	(71,500)	4,731	76,231
Fund balance at beginning of year	<hr/> 71,500	<hr/> 79,814	<hr/> 8,314
Fund balance at end of year	<hr/> <u>\$ -</u>	<hr/> <u>\$ 84,545</u>	<hr/> <u>\$ 84,545</u>

YAMHILL COUNTY

**ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 225,000	\$ 229,773	\$ 4,773
Interest	<u>100</u>	<u>1,227</u>	<u>1,127</u>
TOTAL REVENUES	<u>225,100</u>	<u>231,000</u>	<u>5,900</u>
EXPENDITURES			
Materials and services	454,355	226,162	228,193
Contingency	<u>37,593</u>	<u>-</u>	<u>37,593</u>
TOTAL EXPENDITURES	<u>491,948</u>	<u>226,162</u>	<u>265,786</u>
Net change in fund balance	(266,848)	4,838	271,686
Fund balance at beginning of year	<u>266,848</u>	<u>243,503</u>	<u>(23,345)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 248,341</u>	 <u>\$ 248,341</u>

YAMHILL COUNTY

**CORNER RESTORATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 150,000	\$ 142,462	\$ (7,538)
Interest	<u>12,000</u>	<u>3,029</u>	<u>(8,971)</u>
TOTAL REVENUES	<u>162,000</u>	<u>145,491</u>	<u>(16,509)</u>
EXPENDITURES			
Personal services	204,247	192,608	11,639
Materials and services	176,725	165,509	11,216
Capital outlay	<u>9,000</u>	<u>-</u>	<u>9,000</u>
TOTAL EXPENDITURES	<u>389,972</u>	<u>358,117</u>	<u>31,855</u>
Excess (deficiency) of revenues over expenditures	(227,972)	(212,626)	15,346
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>61,386</u>	<u>61,386</u>	<u>-</u>
Net change in fund balance	(166,586)	(151,240)	15,346
Fund balance at beginning of year	<u>700,000</u>	<u>629,898</u>	<u>(70,102)</u>
Fund balance at end of year	<u>\$ 533,414</u>	478,658	<u>\$ (54,756)</u>
Reconciliation to generally accepted accounting principles			
Advances to other funds		<u>29,931</u>	
Fund balance at end of year		<u>\$ 508,589</u>	

YAMHILL COUNTY

**TITLE III - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 82,137	\$ 82,870	\$ 733
Interest	<u>500</u>	<u>170</u>	<u>(330)</u>
TOTAL REVENUES	82,637	83,040	403
EXPENDITURES			
Materials and services	<u>104,637</u>	<u>84,093</u>	<u>20,544</u>
Net change in fund balance	(22,000)	(1,053)	20,947
Fund balance at beginning of year	<u>22,000</u>	<u>30,820</u>	<u>8,820</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 29,767</u>	 <u>\$ 29,767</u>

YAMHILL COUNTY

COURTHOUSE SECURITY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (30,723)	\$ (30,723)
Net change in fund balance	-	(30,723)	(30,723)
Fund balance at beginning of year	-	30,723	30,723
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

YAMHILL COUNTY

YAMHILL EMERGENCY COMMUNICATIONS DISTRICT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance at beginning of year	<u>-</u>	<u>8,024</u>	<u>8,024</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 8,024</u>	<u>\$ 8,024</u>

YAMHILL COUNTY

**EXTENSION SERVICE DISTRICT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 293,603	\$ 300,090	\$ 6,487
Interest	800	605	(195)
	<u>294,403</u>	<u>300,695</u>	<u>6,292</u>
TOTAL REVENUES			
	<u>294,403</u>	<u>300,695</u>	<u>6,292</u>
EXPENDITURES			
Materials and services	275,653	266,315	9,338
Contingency	15,000	-	15,000
	<u>290,653</u>	<u>266,315</u>	<u>24,338</u>
TOTAL EXPENDITURES			
	<u>290,653</u>	<u>266,315</u>	<u>24,338</u>
Net change in fund balance	3,750	34,380	30,630
Fund balance at beginning of year	68,000	52,615	(15,385)
	<u>68,000</u>	<u>52,615</u>	<u>(15,385)</u>
Fund balance at end of year	\$ 71,750	\$ 86,995	\$ 15,245
	<u>\$ 71,750</u>	<u>\$ 86,995</u>	<u>\$ 15,245</u>

YAMHILL COUNTY

**BICYCLE AND FOOTPATH - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 52,161	\$ 48,810	\$ (3,351)
Interest	<u>6,000</u>	<u>1,339</u>	<u>(4,661)</u>
TOTAL REVENUES	<u>58,161</u>	<u>50,149</u>	<u>(8,012)</u>
EXPENDITURES			
Materials and services	375,991	157,696	218,295
Contingency	<u>17,545</u>	<u>-</u>	<u>17,545</u>
TOTAL EXPENDITURES	<u>393,536</u>	<u>157,696</u>	<u>235,840</u>
Net change in fund balance	(335,375)	(107,547)	227,828
Fund balance at beginning of year	<u>335,375</u>	<u>338,565</u>	<u>3,190</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 231,018</u>	<u>\$ 231,018</u>

YAMHILL COUNTY

**CAPITAL IMPROVEMENT -CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 1,578,000	\$ 243,974	\$ (1,334,026)
Charges for services	47,001	117,546	70,545
Other	<u>100,000</u>	<u>143,877</u>	<u>43,877</u>
TOTAL REVENUES	<u>1,725,001</u>	<u>505,397</u>	<u>(1,219,604)</u>
EXPENDITURES			
Facilities Maintenance			
Personal services	490,918	492,755	(1,837)
Materials and services	533,752	511,293	22,459
Capital outlay	<u>6,900</u>	<u>6,899</u>	<u>1</u>
Total Facilities Maintenance	<u>1,031,570</u>	<u>1,010,947</u>	<u>20,623</u>
Information Systems			
Materials and services	<u>286,406</u>	<u>237,692</u>	<u>48,714</u>
Capital Improvement			
Materials and services	394,813	398,867	(4,054)
Capital outlay	<u>1,620,880</u>	<u>568,712</u>	<u>1,052,168</u>
Total Capital Improvement	<u>2,015,693</u>	<u>967,579</u>	<u>1,048,114</u>
Maintenance Reserve			
Capital outlay	<u>128,000</u>	<u>-</u>	<u>128,000</u>
Jail			
Capital outlay	<u>30,001</u>	<u>26,212</u>	<u>3,789</u>
Software Reserve			
Capital outlay	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL EXPENDITURES	<u>3,591,670</u>	<u>2,242,430</u>	<u>1,349,240</u>
Excess (deficiency) of revenues over expenditures	<u>(1,866,669)</u>	<u>(1,737,033)</u>	<u>129,636</u>

Continued on page 74

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,840,385</u>	<u>1,863,959</u>	<u>23,574</u>
Net change in fund balance	(26,284)	126,926	153,210
Fund balance at beginning of year	<u>47,545</u>	<u>316,429</u>	<u>268,884</u>
Fund balance at end of year	<u>\$ 21,261</u>	443,355	<u>\$ 422,094</u>
Reconciliation to generally accepted accounting principles			
Advances from other funds		<u>(882,757)</u>	
Fund balance at end of year		<u>\$ (439,402)</u>	

YAMHILL COUNTY

CAPITAL PROJECTS - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 140	\$ 140
Net change in fund balance	-	140	140
Fund balance at beginning of year	-	(128)	(128)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>

YAMHILL COUNTY

**SYSTEMS DEVELOPMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 15,700	\$ 34,826	\$ 19,126
Interest	<u>1,000</u>	<u>432</u>	<u>(568)</u>
TOTAL REVENUES	<u>16,700</u>	<u>35,258</u>	<u>18,558</u>
EXPENDITURES			
Non-departmental			
Materials and services	1,047	1,067	(20)
County Fair			
Capital outlay	6,300	4,196	2,104
Parks			
Materials and services	9,000	20,262	(11,262)
Parks System Development			
Capital outlay	<u>83,500</u>	<u>3,736</u>	<u>79,764</u>
TOTAL EXPENDITURES	<u>99,847</u>	<u>29,261</u>	<u>70,586</u>
Net change in fund balance	(83,147)	5,997	89,144
Fund balance at beginning of year	<u>92,100</u>	<u>84,390</u>	<u>(7,710)</u>
Fund balance at end of year	<u>\$ 8,953</u>	<u>\$ 90,387</u>	<u>\$ 81,434</u>

YAMHILL COUNTY

**COVE ORCHARD SERVICE DISTRICT - ENTERPRISE FUND (A MAJOR FUND)
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 44,000	\$ 44,814	\$ 814
Grants	255,169	-	(255,169)
Interest	-	372	372
Miscellaneous	<u>750</u>	<u>-</u>	<u>(750)</u>
 TOTAL REVENUES	 <u>299,919</u>	 <u>45,186</u>	 <u>(254,733)</u>
 EXPENDITURES			
Personal services	5,930	5,799	131
Materials and services	282,849	45,893	236,956
Contingency	<u>89,812</u>	<u>-</u>	<u>89,812</u>
 TOTAL EXPENDITURES	 <u>378,591</u>	 <u>51,692</u>	 <u>326,899</u>
 Net change in fund balance	 (78,672)	 (6,506)	 72,166
Fund balance at beginning of year	<u>78,672</u>	<u>81,350</u>	<u>2,678</u>
 Fund balance at end of year	 <u>\$ -</u>	 74,844	 <u>\$ 74,844</u>
 Reconciliation to generally accepted accounting principles			
Capital assets, net		<u>82,186</u>	
 Net assets at end of year		 <u>\$ 157,030</u>	

YAMHILL COUNTY

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

June 30, 2011

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 610,853	\$ 2,896,024	\$ 1,618,131	\$ 5,125,008
Receivables	9,936	-	425	10,361
Advances to other funds	-	-	202,668	202,668
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	620,789	2,896,024	1,821,224	5,338,037
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>				
Accounts payable and accrued expenditures	18,556	9,911	-	28,467
Payroll and related liabilities	4,129	549	-	4,678
Compensated absences	7,684	1,298	-	8,982
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	30,369	11,758	-	42,127
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET ASSETS</u>				
Unrestricted	\$ 590,420	\$ 2,884,266	\$ 1,821,224	\$ 5,295,910
	<hr/>	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 49,901	\$ 1,591	\$ 51,492
Other	<u>123,190</u>	<u>16,979</u>	<u>11,884</u>	<u>152,053</u>
TOTAL OPERATING REVENUES	<u>123,190</u>	<u>66,880</u>	<u>13,475</u>	<u>203,545</u>
OPERATING EXPENSES				
Personal services	146,080	403,398	-	549,478
Materials and services	<u>210,192</u>	<u>667,278</u>	<u>4,578</u>	<u>882,048</u>
TOTAL OPERATING EXPENSES	<u>356,272</u>	<u>1,070,676</u>	<u>4,578</u>	<u>1,431,526</u>
Operating income (loss)	(233,082)	(1,003,796)	8,897	(1,227,981)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>2,646</u>	<u>9,673</u>	<u>7,757</u>	<u>20,076</u>
Income (loss) before transfers	<u>(230,436)</u>	<u>(994,123)</u>	<u>16,654</u>	<u>(1,207,905)</u>
TRANSFERS				
Transfers in	322,013	2,093,277	581,910	2,997,200
Transfers out	<u>(27,421)</u>	<u>(258,954)</u>	<u>(699,354)</u>	<u>(985,729)</u>
TOTAL TRANSFERS	<u>294,592</u>	<u>1,834,323</u>	<u>(117,444)</u>	<u>2,011,471</u>
Change in net assets	64,156	840,200	(100,790)	803,566
Net assets-beginning of year	<u>526,264</u>	<u>2,044,066</u>	<u>1,922,014</u>	<u>4,492,344</u>
Net assets-end of year	<u>\$ 590,420</u>	<u>\$ 2,884,266</u>	<u>\$ 1,821,224</u>	<u>\$ 5,295,910</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ -	\$ 49,901	\$ 1,344	\$ 51,245
Other receipts from services provided	130,590	16,979	11,884	159,453
Payments to suppliers of goods or services	(221,182)	(669,866)	-	(891,048)
Payments to employees for services	<u>(146,061)</u>	<u>(401,551)</u>	<u>(4,578)</u>	<u>(552,190)</u>
Net cash provided by (used in) operating activities	<u>(236,653)</u>	<u>(1,004,537)</u>	<u>8,650</u>	<u>(1,232,540)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances to other funds	-	-	(202,668)	(202,668)
Transfers in	322,013	2,093,277	581,910	2,997,200
Transfers out	<u>(27,421)</u>	<u>(258,954)</u>	<u>(699,354)</u>	<u>(985,729)</u>
Net cash provided by (used in) noncapital financing activities	<u>294,592</u>	<u>1,834,323</u>	<u>(320,112)</u>	<u>1,808,803</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>2,646</u>	<u>9,673</u>	<u>7,757</u>	<u>20,076</u>
Net increase (decrease) in cash and cash equivalents	60,585	839,459	(303,705)	596,339
Cash and cash equivalents-beginning of year	<u>550,268</u>	<u>2,056,565</u>	<u>1,921,836</u>	<u>4,528,669</u>
Cash and cash equivalents-end of year	<u>\$ 610,853</u>	<u>\$ 2,896,024</u>	<u>\$ 1,618,131</u>	<u>\$ 5,125,008</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (233,082)	\$ (1,003,796)	\$ 8,897	\$ (1,227,981)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
(Increase) in assets:				
Receivables	7,400	-	(247)	7,153
Increase (decrease) in liabilities:				
Accounts payable and accrued expenditures	(10,990)	(2,588)	-	(13,578)
Payroll and related liabilities	1,663	549	-	2,212
Compensated absences	<u>(1,644)</u>	<u>1,298</u>	<u>-</u>	<u>(346)</u>
Net cash provided by (used in) operating activities	<u>\$ (236,653)</u>	<u>\$ (1,004,537)</u>	<u>\$ 8,650</u>	<u>\$ (1,232,540)</u>

YAMHILL COUNTY

**TELECOMMUNICATIONS - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 6,000	\$ 2,646	\$ (3,354)
Other	<u>111,057</u>	<u>123,190</u>	<u>12,133</u>
TOTAL REVENUES	<u>117,057</u>	<u>125,836</u>	<u>8,779</u>
EXPENDITURES			
Personal services	146,190	154,103	(7,913)
Materials and services	337,467	231,234	106,233
Capital outlay	<u>450,000</u>	<u>-</u>	<u>450,000</u>
TOTAL EXPENDITURES	<u>933,657</u>	<u>385,337</u>	<u>548,320</u>
Excess (deficiency) of revenues over expenditures	(816,600)	(259,501)	557,099
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>363,366</u>	<u>322,013</u>	<u>(41,353)</u>
Net change in fund balance	(453,234)	62,512	515,746
Fund balance at beginning of year	<u>547,316</u>	<u>535,592</u>	<u>(11,724)</u>
Fund balance at end of year	<u>\$ 94,082</u>	598,104	<u>\$ 504,022</u>
Reconciliation to generally accepted accounting principles			
Compensated absences		<u>(7,684)</u>	
Net assets at end of year		<u>\$ 590,420</u>	

YAMHILL COUNTY

**SELF-INSURANCE - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,844,837	\$ 1,738,636	\$ (106,201)
Interest	10,395	9,673	(722)
Other	<u>33,000</u>	<u>16,979</u>	<u>(16,021)</u>
TOTAL REVENUES	<u>1,888,232</u>	<u>1,765,288</u>	<u>(122,944)</u>
EXPENDITURES			
Personal services	538,055	402,433	135,622
Materials and services	1,287,304	925,899	361,405
Contingency	<u>184,787</u>	<u>-</u>	<u>184,787</u>
TOTAL EXPENDITURES	<u>2,010,146</u>	<u>1,328,332</u>	<u>681,814</u>
Excess (deficiency) of revenues over expenditures	(121,914)	436,956	558,870
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>487,248</u>	<u>404,542</u>	<u>(82,706)</u>
Net change in fund balance	365,334	841,498	476,164
Fund balance at beginning of year	<u>891,654</u>	<u>2,044,066</u>	<u>1,152,412</u>
Fund balance at end of year	<u>\$ 1,256,988</u>	2,885,564	<u>\$ 1,628,576</u>
Reconciliation to generally accepted accounting principles			
Compensated absences		<u>(1,298)</u>	
Net assets at end of year		<u>\$ 2,884,266</u>	

YAMHILL COUNTY

**MOTOR VEHICLE REPLACEMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,900	\$ 1,591	\$ (309)
Interest	25,000	7,757	(17,243)
Other	<u>69,296</u>	<u>75,180</u>	<u>5,884</u>
TOTAL REVENUES	<u>96,196</u>	<u>84,528</u>	<u>(11,668)</u>
EXPENDITURES			
Materials and services	115,300	48,746	66,554
Capital outlay	<u>1,671,907</u>	<u>605,211</u>	<u>1,066,696</u>
TOTAL EXPENDITURES	<u>1,787,207</u>	<u>653,957</u>	<u>1,133,250</u>
Excess (deficiency) of revenues over expenditures	<u>(1,691,011)</u>	<u>(569,429)</u>	<u>1,121,582</u>
OTHER FINANCING SOURCES (USES)			
Issuance of interfund loan	(252,643)	(252,643)	-
Transfers in	<u>495,207</u>	<u>518,614</u>	<u>23,407</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>242,564</u>	<u>265,971</u>	<u>23,407</u>
Net change in fund balance	(1,448,447)	(303,458)	1,144,989
Fund balance at beginning of year	<u>1,921,347</u>	<u>1,922,014</u>	<u>667</u>
Fund balance at end of year	<u>\$ 472,900</u>	1,618,556	<u>\$ 1,145,656</u>
Reconciliation to generally accepted accounting principles			
Advances to other funds		<u>202,668</u>	
Fund balance at end of year		<u>\$ 1,821,224</u>	

YAMHILL COUNTY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

For the Year Ended June 30, 2011

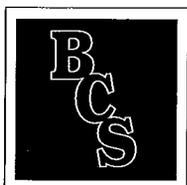
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Unsegregated Tax and Interest</u>				
Assets				
Cash and investments	\$ 2,449,379	\$ 98,280,161	\$ 98,863,696	\$ 1,865,844
Property taxes receivable	<u>7,300,591</u>	<u>102,844,339</u>	<u>102,404,972</u>	<u>7,739,958</u>
Total assets	<u>\$ 9,749,970</u>	<u>\$ 201,124,500</u>	<u>\$ 201,268,668</u>	<u>\$ 9,605,802</u>
Liabilities				
Intergovernmental payables	<u>\$ 9,749,970</u>	<u>\$ 243,843,931</u>	<u>\$ 243,988,099</u>	<u>\$ 9,605,802</u>
<u>Holding Trust</u>				
Assets				
Cash and investments	<u>\$ 109,270</u>	<u>\$ 26,084</u>	<u>\$ 54,417</u>	<u>\$ 80,937</u>
Liabilities				
Amounts held in trust	<u>\$ 109,270</u>	<u>\$ 37,366</u>	<u>\$ 65,699</u>	<u>\$ 80,937</u>
<u>Assessment and Mapping</u>				
Assets				
Cash and investments	<u>\$ 2,305</u>	<u>\$ 800,591</u>	<u>\$ 563,758</u>	<u>\$ 239,138</u>
Liabilities				
Intergovernmental payables	<u>\$ 2,305</u>	<u>\$ 1,367,531</u>	<u>\$ 1,130,698</u>	<u>\$ 239,138</u>
<u>Total-All Agency Funds</u>				
Assets				
Cash and investments	\$ 2,560,954	\$ 99,106,836	\$ 99,481,871	\$ 2,185,919
Property taxes receivable	<u>7,300,591</u>	<u>102,844,339</u>	<u>102,404,972</u>	<u>7,739,958</u>
Total assets	<u>\$ 9,861,545</u>	<u>\$ 201,951,175</u>	<u>\$ 201,886,843</u>	<u>\$ 9,925,877</u>
Liabilities				
Intergovernmental payables	\$ 9,752,275	\$ 245,211,462	\$ 245,118,797	\$ 9,844,940
Amounts held in trust	<u>109,270</u>	<u>37,366</u>	<u>65,699</u>	<u>80,937</u>
Total liabilities	<u>\$ 9,861,545</u>	<u>\$ 245,248,828</u>	<u>\$ 245,184,496</u>	<u>\$ 9,925,877</u>

YAMHILL COUNTY

**SCHEDULE OF CASH RECEIPTS FOR ELECTED OFFICIALS
AGENCY FUND
For the Year Ended June 30, 2011**

Official	Total Cash and Cash Equivalents				Classification of Cash and Cash Equivalents					Total
	June 30, 2010	Cash Receipts	Cash Disbursements and Refunds	Turned to Treasurer	June 30, 2011	Cash on Hand	Local Government Investment			
							Checking	Tax Accts	Pool	
Assessor	\$ 350	\$ 550,221	\$ -	\$ 550,221	\$ 350	\$ 350	\$ -	\$ -	\$ -	\$ 350
Clerk	1,100	541,148	-	541,148	1,100	1,100	-	-	-	1,100
Commissioners	4,600	9,020	-	9,020	4,700	4,700	-	-	-	4,700
District Attorney	1,000	649,885	-	649,885	1,000	1,000	-	-	-	1,000
Sheriff	1,010	2,696,581	-	2,696,581	1,010	1,010	-	-	-	1,010
Surveyor	100	193,775	-	193,775	100	100	-	-	-	100
Treasurer	24,491,735	48,318,943	46,325,202	-	26,485,476	5,515	5,220,527	1,865,844	19,393,590	26,485,476
	<u>\$ 24,499,895</u>	<u>\$ 52,959,572</u>	<u>\$ 46,325,202</u>	<u>\$ 4,640,630</u>	<u>\$ 26,493,736</u>	<u>\$ 13,775</u>	<u>\$ 5,220,527</u>	<u>\$ 1,865,844</u>	<u>\$ 19,393,590</u>	<u>\$ 26,493,736</u>

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL
CORPORATIONS**



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

YAMHILL COUNTY

INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS For the Year Ended June 30, 2011

Board of County Commissioners
YAMHILL COUNTY
McMinnville, Oregon

We have audited the basic financial statements of the YAMHILL COUNTY as of and for the year ended June 30, 2011, and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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 County 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 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

A. Expenditures in excess of appropriations (which is prohibited by ORS 294.435) occurred as follows:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
Veterans	\$ 129,523	\$ 134,023	\$ (4,500)
Non-departmental	587,235	736,297	(149,062)
Air support	2,042	3,904	(1,862)
O&C Reserve			
Capital outlay	60,000	79,394	(19,394)
County School			
Materials and services	125,050	129,122	(4,072)
Capital Improvement			
Materials and services	394,813	398,867	(4,054)

B. Additionally, the resolutions making appropriations for the years ended June 30, 2011 did not comply with the requirements of ORS 294.435(3) which requires that at a minimum it contain one amount for each organizational unit or program of each fund. In addition, separate amounts shall be appropriated in each fund for debt service, special payments, interfund revenue transfers, capital outlay, operating expenses which cannot be allocated to an organizational unit or program and operating contingencies. In those circumstances where the term “organizational unit” has no application, the appropriations shall contain separate amounts for personal services, materials and services, capital outlay, debt service, special payments, interfund revenue transfers and operating contingency for each fund.

Internal Control OAR 162-10-0230

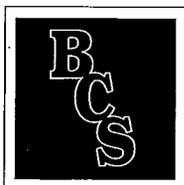
In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the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

In connection with our audit we have issued a letter to management, as required by statement of auditing standards No. 115, communicating significant deficiencies (and material weaknesses) in internal controls.

This report is intended solely for the information and use of the commissioners and management of YAMHILL COUNTY and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt, Carlisle & Smith, LLC
 Certified Public Accountants
 Salem, Oregon
 January 5, 2012

GRANT COMPLIANCE – SINGLE AUDIT



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

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

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **YAMHILL COUNTY** as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we have identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a material weakness (see item 2011-1).

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

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

A *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 charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies (see findings 2011-2 through 2011-4).

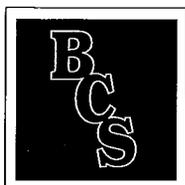
Compliance and Other Matters

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

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
January 5, 2012



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

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

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

Compliance

We have audited the County'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 the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, **YAMHILL COUNTY** complied, in all material respects, with the 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, 2011.

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

Internal Control Over Compliance

Management of YAMHILL COUNTY is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
January 5, 2012

YAMHILL COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

CFDA Number(s)

Name of Federal Program or Cluster

10.665	School and Roads – Grant to States
15.227	Distribution of Receipts to State and Local Governments
16.808	Recovery Act – Edward Byrne Memorial Competitive Grant
20.509	Formula Grants for Other Than Urbanized Areas
20.513, 20.516, 20.521	Transit Services Cluster

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

Material Weakness:

2011-1 Bank reconciliations

- Criteria:** Timely reconciliation of bank accounts to the general ledger is an essential part of internal controls to safe guard assets, detect and correct misstatements including those which could result from fraud in the form of misappropriation of assets.
- Condition:** Timely reconciliations of bank accounts are not performed. As of June 30, 2011 the adjusted balance of bank accounts was \$34,439 less than the total cash and investments as reported on the financial statements. While this amount is not considered material to the financial statements as a whole, it is reflective of a condition that could result in a material misstatement.
- Cause:** Staff assigned to perform the reconciliation do not have sufficient time or resources to complete the task.
- Effect:** Material misstatements, caused by error or fraud, could occur and not be detected and corrected in a timely manner.
- Recommendation:** Sufficient time and resources should be allocated to the finance staff so that all bank account balances are reconciled to the general ledger on a monthly basis and those reconciliation be reviewed by appropriate supervisory personnel.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings (continued)

Significant Deficiencies:

2011-2 Access to the General Ledger

- Criteria:** Proper segregation of duties is an essential part of internal controls to safeguard assets and ensure that accounts payable are properly authorized before the disbursement is processed and to ensure that all employees exist and are paid the proper amount.
- Condition:** All staff in the accounting department has access to the accounts payable function in the accounting software.
- Cause:** All staff in the accounting department has been granted the same rights to the various modules of the accounting software.
- Effect:** Anyone in the accounting department could process a disbursement without proper approval.
- Recommendation:** Accounting department staff should be granted access only to those modules of the accounting software needed to perform their assigned functions. A log should be created to track the use of accounts payable checks in numerical order to ensure that all checks are accounted for and the log verified by another staff member to each check run. The ability to create new employee records and change pay rates should be segregated from personnel that process payroll.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

YAMHILL COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Agriculture</i>			
Food and Nutrition Service			
<i>Passed through Oregon State Health Division</i>			
National School Lunch Program	10.555		\$ 20,259
Forest Service			
<i>Passed through Oregon Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		527,711
<i>Passed through Oregon Department of Community College and Workforce Development</i>			
Recovery Act of 2009: Wildland Fire Management	10.688		<u>61,869</u>
Total Department of Agriculture			<u>609,839</u>
<i>Department of Housing and Urban Development</i>			
Office of Community Planning and Development			
<i>Passed through Oregon Economic and Community Development Department</i>			
Community Development Block Grant	14.228		<u>88,948</u>
<i>Department of the Interior</i>			
Bureau of Land Management			
Payments in Lieu of Taxes	15.226		22,052
Distribution of Receipts to State and Local Governments	15.227		<u>561,368</u>
Total Department of the Interior			<u>583,420</u>
<i>Department of Justice</i>			
Office of Juvenile Justice and Delinquency Prevention			
<i>Passed through Oregon State Criminal Justice Services Division</i>			
Juvenile Accountability Block Grant	16.523		10,000
<i>Passed through Oregon Department of Human Services</i>			
Enforcing Underage Drinking Laws Program	16.727		12,000
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victims Assistance	16.575	VOCA	38,187
Bureau of Justice Assistance			
Drug Court Discretionary Grant Program	16.585		18,496
State Criminal Alien Assistance Program	16.606		29,445
Bulletproof Vest Partnership Program	16.607		7,261
Recovery Act - Edward Byrne Memorial Competitive Grant	16.808		334,522
<i>Passed through Oregon State Criminal Justice Division</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		63,408
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803		64,575
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Recovery Act - State Victim Assistance Formula Grant Program	16.801	VOCA	<u>45,000</u>
Total Department of Justice			<u>622,894</u>
<i>Department of Labor</i>			
Employment Training Administration			
<i>Passed through Oregon Department of Community College and Workforce Development</i>			
WIA Youth Activities	17.259		<u>2,778</u>

See accompanying note to schedule of expenditures of federal awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Transportation</i>			
Federal Transit Administration			
<i>Passed through Oregon Department of Transportation</i>			
Formula Grants for Other Than Urbanized Areas	20.509	26696 26697 OPTC	\$ 213,468 324,550 <u>432</u>
Subtotal Formula Grants for Other Than Urbanized Areas			<u>538,450</u>
Transit Services Cluster			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	26120 26121 26569	48,632 145,957 <u>278,209</u>
Subtotal Capital Assistance Program for Elderly Persons and Persons with Disabilities			472,798
Job Access Reverse Commute	20.516	25892	31,197
New Freedom Program	20.521	25882	<u>4,736</u>
Subtotal Transit Services Cluster			<u>508,731</u>
National Highway Traffic Safety Administration			
<i>Passed through Oregon State Sheriffs' Association</i>			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		16,120
Occupant Protection Incentive Grants	20.602		<u>15,655</u>
Total Department of Transportation			<u>1,078,956</u>
<i>Environmental Protection Agency</i>			
Office of Water			
<i>Passed through Oregon Department of Human Services</i>			
State Public Water System Supervision	66.432		15,436
Capitalization Grants for Drinking Water State Revolving Funds	66.468		<u>15,330</u>
Total Environmental Protection Agency			<u>30,766</u>
<i>Department of Education</i>			
Office of Elementary and Secondary Education			
<i>Passed through Oregon Department of Human Services</i>			
Safe and Drug-Free Schools and Communities - State Grants	84.186		<u>24,411</u>
<i>Department of Health and Human Services</i>			
Office of the Secretary			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Medical Reserve Corps Small Grant Program	93.008		5,000
Office of Population Affairs			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Family Planning Services	93.217		33,940
Administration for Children and Families			
<i>Passed through Oregon Commission on Children and Families</i>			
Promoting Safe and Stable Families	93.556		28,647
<i>Passed through Oregon State Adult and Family Services Division</i>			
Child Support Enforcement	93.563		304,072
<i>Passed through Oregon Commission on Children and Families</i>			
Social Services Block Grant	93.667		27,012

See accompanying note to schedule of expenditures of federal awards
Continued on page 97

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Health and Human Services (continued)</i>			
Centers for Medicare and Medicaid Services			
<i>Passed through Oregon Commission on Children and Families</i>			
Medical Assistance Program	93.778		\$ 52,266
<i>Passed through Oregon Department of Human Services</i>			
Medical Assistance Program	93.778		221,238
Centers for Disease Control and Prevention			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Environmental Public Health and Emergency Response	93.070		5,416
<i>Centers for Disease Control and Prevention -</i>			
Investigations and Technical Assistance	93.283		64,369
HIV Prevention Activities Health Department Based	93.940		26,358
<i>Passed through Oregon Department of Human Services</i>			
Public Health Emergency Preparedness	93.069		144,158
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		538
ARRA - Immunization	93.712		11,773
Preventive Health and Health Services Block Grant	93.991		3,700
Health Resources and Services Administration			
<i>Passed through Multnomah County</i>			
HIV Emergency Relief Project Grants	93.914		35,835
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Maternal and Child Health Services Block Grant	93.994		58,432
Substance Abuse and Mental Health Services Administration			
<i>Substance Abuse and Mental Health Services -</i>			
Projects of Regional and National Significance	93.243		177,935
Drug-Free Communities Support Program Grants	93.276		39,239
<i>Passed through Oregon Department of Human Services Service Division</i>			
Block Grants for Community Mental Health Services	93.958		100,892
Block Grants for Prevention and Treatment of Substance Abuse	93.959		276,056
Total Department of Health and Human Services			1,616,876
<i>Social Security Administration</i>			
<hr/>			
Social Security - Work Incentives - Planning and Assistance Program	96.008		10,400
<i>Department of Homeland Security</i>			
<hr/>			
<i>Passed through Oregon State Police Office of Emergency Management</i>			
Public Assistance Grants	97.036		39,650
Emergency Management Performance Grants	97.042		74,683
Citizens Corp	97.053		29,870
State Homeland Security Grant	97.073		59,237
Total Department of Homeland Security			203,440
Total Expenditures of Federal Awards			\$ 4,872,728

YAMHILL COUNTY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2011

Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the County's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.