



ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

YAMHILL COUNTY

BOARD OF COMMISSIONERS AND OTHER OFFICIALS

For the Year Ended June 30, 2010

| <u>Commissioners</u> | <u>Term Expires December 31,</u> |
|---|---|
| Katherine George 15195 NE Ribbon Ridge Road Newberg, OR 97132 | 2011 |
| Mary P. Stern 1863 NW Doral Street McMinnville, OR 97128 | 2011 |
| Leslie Lewis 9805 Hendricks Road Carlton, OR 97111 | 2012 |

Other Elected Officials

Nancy Reed, Treasurer
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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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, 2010, 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, 2010, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Road, Health and Human Services, Solid Waste, Community Corrections, Capital Improvement and Capital Projects 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 14, 2011, 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.

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 14, 2011

By:



Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

YAMHILL COUNTY

Management's Discussion and Analysis For the Year Ended June 30, 2010

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, 2010.

Financial Highlights

- The assets of Yamhill County exceeded its liabilities at the close of the most recent fiscal year by \$192,185,599 (*net assets*). Of this amount, \$22,136,974 (*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 \$19,585,340, an increase of \$71,478 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,165,507, or 22 % of total general fund expenditures. This is down from the 30% in the prior fiscal year.
- Yamhill County's total long-term obligations increased by \$36,773 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 themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of Yamhill County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of Yamhill County include general government, public safety, highways and streets, health and sanitation, Parks, culture and recreation and Education. 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 and the Yamhill Emergency Communications District for which Yamhill County is financially accountable. Financial information for these *component* units is reported separately from the financial information presented for the primary government itself. Cove Orchard Sewer Service District, although also legally separate, functions for all practical purposes as a department of Yamhill County, and therefore has been included as an integral part of the primary government.

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

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

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

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

Yamhill County maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, 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 – 19 of this report.

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

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

The proprietary fund financial statements can be found on pages 20 - 22 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 23 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 24 - 47 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 48 - 80 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 \$192,185,599 at the close of the most recent fiscal year.

By far the largest portion of Yamhill County's net assets (87.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Yamhill County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yamhill County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Yamhill County's Net Assets

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-------------------|-----------------------|-----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Assets | | | | | | |
| Current and other assets | \$ 27,204,651 | \$ 25,385,781 | \$ 83,435 | \$ 100,461 | \$ 27,288,086 | \$ 25,486,242 |
| Capital assets | <u>176,120,148</u> | <u>184,708,027</u> | <u>83,580</u> | <u>123,776</u> | <u>176,203,728</u> | <u>184,831,803</u> |
| Total assets | <u>203,324,799</u> | <u>210,093,808</u> | <u>167,015</u> | <u>224,237</u> | <u>203,491,814</u> | <u>210,318,045</u> |
| Liabilities | | | | | | |
| Long-term liabilities outstanding | 5,575,412 | 2,167,154 | - | - | 5,575,412 | 2,167,154 |
| Other liabilities | <u>5,728,717</u> | <u>4,417,289</u> | <u>2,086</u> | <u>1,748</u> | <u>5,730,803</u> | <u>4,419,037</u> |
| Total liabilities | <u>11,304,129</u> | <u>6,584,443</u> | <u>2,086</u> | <u>1,748</u> | <u>11,306,215</u> | <u>6,586,191</u> |
| Net assets | | | | | | |
| Invested in capital assets, net | | | | | | |
| of related debt | 173,787,236 | 181,228,572 | 83,580 | 123,776 | 173,870,816 | 181,352,348 |
| Restricted | 959,070 | 1,481,164 | - | - | 959,070 | 1,481,164 |
| Unrestricted | <u>17,274,364</u> | <u>20,799,629</u> | <u>81,349</u> | <u>98,713</u> | <u>17,355,713</u> | <u>20,898,342</u> |
| Total net assets | <u>\$ 192,020,670</u> | <u>\$ 203,509,365</u> | <u>\$ 164,929</u> | <u>\$ 222,489</u> | <u>\$ 192,185,599</u> | <u>\$ 203,731,854</u> |

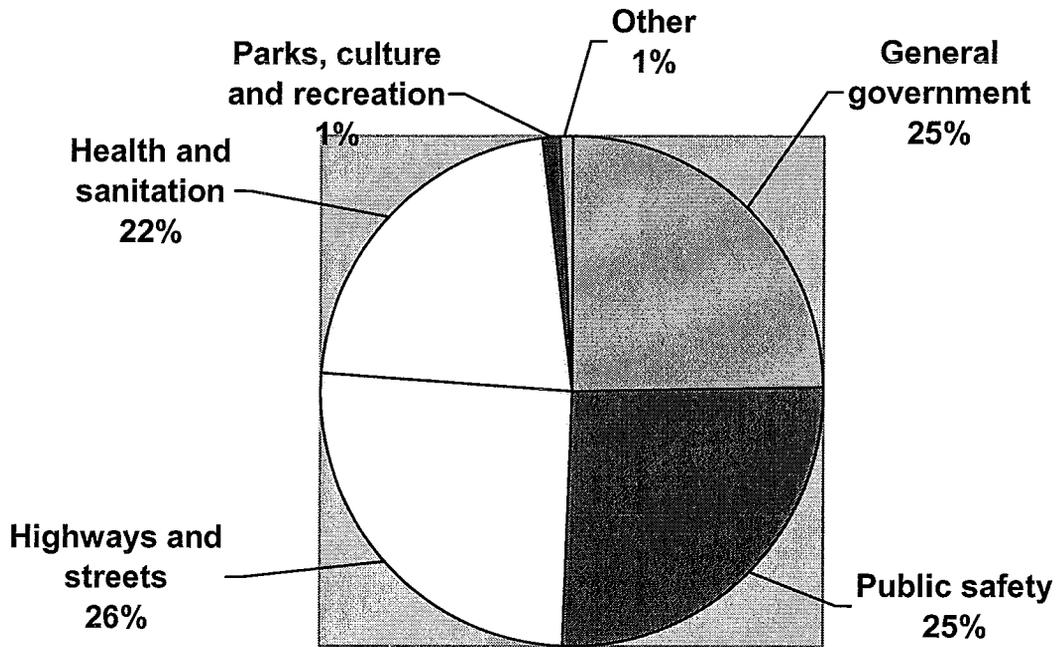
A portion of Yamhill County's net assets \$959,070 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (11.5%) may be used to meet the government's ongoing obligations to citizen's and creditors.

Governmental activities. Governmental activities decreased Yamhill County's net assets by \$7,890,750 which occurred primarily due to depreciation on capital assets. Funds had been received in a prior period to repair various bridges in the county. This project was completed in 2010. Although operating grants, contributions and property taxes were up in 2010, it was not enough to offset the decrease in the County's charges for services. This decrease in revenues is reflected in a corresponding decrease in expenses. Key elements of the changes are as follows:

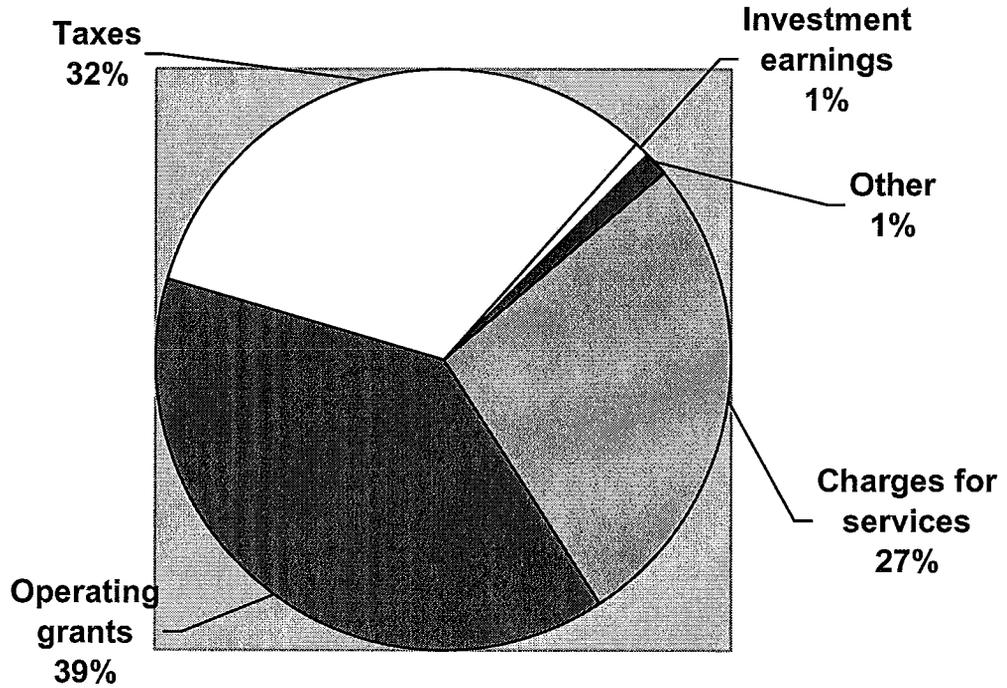
Yamhill County's Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Totals | |
|------------------------------------|-------------------------|-----------------------|--------------------------|-------------------|-----------------------|-----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 14,798,998 | \$ 13,466,211 | \$ 47,784 | \$ 47,355 | \$ 14,846,782 | \$ 13,513,566 |
| Operating grants and contributions | 19,633,199 | 19,433,808 | - | - | 19,633,199 | 19,433,808 |
| Capital grants and contributions | 207,924 | - | - | - | 207,924 | - |
| General revenues: | | | | | | |
| Property taxes | 16,749,501 | 16,254,945 | - | - | 16,749,501 | 16,254,945 |
| Investment earnings | 234,161 | 404,350 | 1,080 | 1,914 | 235,241 | 406,264 |
| Gain (loss) on sale of assets | 319,219 | (357,150) | - | - | 319,219 | (357,150) |
| Miscellaneous | 1,199,211 | 993,418 | 76 | 732 | 1,199,287 | 994,150 |
| Total revenues | <u>53,142,213</u> | <u>50,195,582</u> | <u>48,940</u> | <u>50,001</u> | <u>53,191,153</u> | <u>50,245,583</u> |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | 15,797,259 | 14,775,373 | - | - | 15,797,259 | 14,775,373 |
| Public safety | 15,329,899 | 15,447,638 | - | - | 15,329,899 | 15,447,638 |
| Highways and streets | 14,784,195 | 15,280,519 | - | - | 14,784,195 | 15,280,519 |
| Health and sanitation | 14,060,035 | 13,130,725 | - | - | 14,060,035 | 13,130,725 |
| Parks, cultural and recreation | 624,969 | 634,847 | - | - | 624,969 | 634,847 |
| Education | 391,922 | 425,320 | - | - | 391,922 | 425,320 |
| Interest on long-term obligations | 73,844 | 93,235 | - | - | 73,844 | 93,235 |
| Sewer | - | - | 77,340 | 75,198 | 77,340 | 75,198 |
| Total expenses | <u>61,062,123</u> | <u>59,787,657</u> | <u>77,340</u> | <u>75,198</u> | <u>61,139,463</u> | <u>59,862,855</u> |
| Increase (decrease) in net assets | | | | | | |
| before transfers | (7,919,910) | (9,592,075) | (28,400) | (25,197) | (7,948,310) | (9,617,272) |
| Transfers | <u>29,160</u> | <u>28,281</u> | <u>(29,160)</u> | <u>(28,281)</u> | <u>-</u> | <u>-</u> |
| Change in net assets | (7,890,750) | (9,563,794) | (57,560) | (53,478) | (7,948,310) | (9,617,272) |
| Net assets at beginning of year | 203,509,365 | 213,655,517 | 222,489 | 275,967 | 203,731,854 | 213,931,484 |
| Prior period adjustment (Note 4D) | <u>(3,597,945)</u> | <u>(582,358)</u> | <u>-</u> | <u>-</u> | <u>(3,597,945)</u> | <u>(582,358)</u> |
| Net assets at end of year | <u>\$ 192,020,670</u> | <u>\$ 203,509,365</u> | <u>\$ 164,929</u> | <u>\$ 222,489</u> | <u>\$ 192,185,599</u> | <u>\$ 203,731,854</u> |

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 \$19,585,340, an increase of \$71,478 in comparison with the prior year. \$17,850,450 of the total amount constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of Yamhill County. At the end of the current fiscal year, the fund balance of the general fund was \$6,120,355 of which \$954,848 represents funds advanced to other funds. This leaves an unreserved balance of \$5,165,507. The detail of these advances can be found in Note 7 on page 41.

The Road Fund is dedicated to the maintenance and construction of roads within the County and has a fund balance of \$928,250. Of this, \$172,459 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 \$3,448,702 as of June 30, 2010, an increase of \$713,036 from the prior year.

The Solid Waste Fund ended the year with fund balance of \$3,372,799; however, \$520,000 has been restricted by an interfund loan to the Community Corrections fund. This fund has previously shown advances of \$1,533,725. The County Board of Commissioner's restructured these loans in January 2010 and transferred them to the General fund.

The Community Corrections Fund accounts for the operation of the County correctional facility and related services. The fund balance increased by \$481,957 during the year from \$731,121 to 1,213,078.

The Capital Improvement fund has a deficit fund balance of \$726,002. This deficit will be corrected in future years by transfers from other funds.

The Capital Projects fund accounts for revenues and expenditures associated with major construction projects or equipment acquisitions. The fund has a deficit fund balance of \$128 at year end. This deficit will be corrected in future years by transfers from other funds.

Other Governmental Funds which consist of special revenue and capital projects funds have fund balances totaling \$5,228,286. Of this amount \$87,583 has been advanced to the Health and Human Services fund as matching funds for their building.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in decreases of \$404,081 or 1.2% of the original budget. Expenditures were \$23,938,072 or 23.4% 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.

Capital Assets and Debt Administration

Capital assets. Yamhill County’s investment in capital assets for its governmental and business-type activities as June 30, 2010 amounts to \$176,203,728 (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 \$8,628,075. 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 | |
|--------------------------------------|-------------------------|-----------------------|--------------------------|-------------------|-----------------------|-----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Capital assets not being depreciated | \$ 49,381,290 | \$ 49,381,290 | \$ 78,356 | \$ 78,356 | \$ 49,459,646 | \$ 98,840,936 |
| Building | 13,878,779 | 14,407,237 | - | - | 13,878,779 | 28,286,016 |
| Machinery and equipment | 5,721,965 | 4,646,249 | 5,224 | 45,420 | 5,727,189 | 10,373,438 |
| Infrastructure | 107,138,114 | 116,273,251 | - | - | 107,138,114 | 223,411,365 |
| Total | <u>\$ 176,120,148</u> | <u>\$ 184,708,027</u> | <u>\$ 83,580</u> | <u>\$ 123,776</u> | <u>\$ 176,203,728</u> | <u>\$ 184,831,803</u> |

Additional information on Yamhill County’s fixed assets can be found in Note 4 on pages 36 and 37 of this report.

Long-term debt. At the end of the fiscal year, Yamhill County had total outstanding bonded debt of \$905,000. This full amount is comprised of a full faith and credit bond. Additional long-term obligations include loans (\$1,262,154), capital leases (\$165,758), landfill liability (\$3,562,119), and accumulated compensated absences (\$1,219,142).

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

| | 2010 | 2009 |
|-----------------------------|-------------------|-------------------|
| Full Faith and Credit Bonds | <u>\$ 905,000</u> | <u>\$ 955,000</u> |

Additional information on Yamhill County’s long-term debt can be found in Note 5 on pages 38 and 39 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Yamhill County for August 2010 was 10.5 percent, down slightly from 2009. This was just slightly below the state's unemployment rate of 10.6 percent and above the national average of 9.7 percent.

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

Wineries continue to be a big tourist draw 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. A major expansion of the air museum was recently completed, and one of two planned additions is under construction.

Fiscal Year 2009-10 was a year of diminishing resources. The Clerk's office recordings have stalled. Slow activity in the Yamhill County Planning Department resulted in several layoffs. At this time it is unknown if this trend will continue. The Criminal Justice Service Team, in particular Community Corrections, faced continued reductions in the 2009-10 budget year. The next fiscal year may prove even more challenging for this department. Federal stimulus funds assisted the Transit program in several areas – however these federal programs have ended.

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, 2010

| | Governmental Activities | Business-type Activities | Totals |
|---|----------------------------|-----------------------------|---------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 21,858,680 | \$ 80,261 | \$ 21,938,941 |
| Receivables | 5,169,195 | 3,174 | 5,172,369 |
| Inventory | 172,459 | - | 172,459 |
| Prepaid items | 4,317 | - | 4,317 |
| Capital assets: | | | |
| Land, improvements and construction in progress | 49,381,290 | 78,356 | 49,459,646 |
| Other capital assets, net | <u>126,738,858</u> | <u>5,224</u> | <u>126,744,082</u> |
| TOTAL ASSETS | <u>203,324,799</u> | <u>167,015</u> | <u>203,491,814</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued expenses | 2,974,549 | 1,835 | 2,976,384 |
| Payroll and related liabilities | 534,828 | 251 | 535,079 |
| Unearned revenue | 23,446 | - | 23,446 |
| Deposits payable | 46,647 | - | 46,647 |
| Bond premium, net | 42,750 | - | 42,750 |
| Net other post-employment benefits | 567,736 | - | 567,736 |
| Long-term obligations: | | | |
| Due within one year | 1,538,761 | - | 1,538,761 |
| Due in more than one year | <u>5,575,412</u> | <u>-</u> | <u>5,575,412</u> |
| TOTAL LIABILITIES | <u>11,304,129</u> | <u>2,086</u> | <u>11,306,215</u> |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 173,787,236 | 83,580 | 173,870,816 |
| Restricted for: | | | |
| Highways and streets | 928,250 | - | 928,250 |
| Other | 30,820 | - | 30,820 |
| Unrestricted | <u>17,274,364</u> | <u>81,349</u> | <u>17,355,713</u> |
| TOTAL NET ASSETS | <u>\$ 192,020,670</u> | <u>\$ 164,929</u> | <u>\$ 192,185,599</u> |

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|---|----------------------|---------------------------------|---|---|--|-------------------------------------|-----------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Totals</u> |
| Governmental activities | | | | | | | |
| General government | \$ 15,797,259 | \$ 4,516,395 | \$ 6,116,474 | \$ - | \$ (5,164,390) | | \$ (5,164,390) |
| Public safety | 15,329,899 | 1,107,714 | 3,143,154 | - | (11,079,031) | | (11,079,031) |
| Highways and streets | 14,784,195 | 311,554 | 4,479,313 | 207,924 | (9,785,404) | | (9,785,404) |
| Health and sanitation | 14,060,035 | 8,516,611 | 5,716,065 | - | 172,641 | | 172,641 |
| Parks, culture and recreation | 624,969 | 346,724 | 42,962 | - | (235,283) | | (235,283) |
| Education | 391,922 | - | 135,231 | - | (256,691) | | (256,691) |
| Interest on long-term obligations | 73,844 | - | - | - | (73,844) | | (73,844) |
| TOTAL GOVERNMENTAL ACTIVITIES | 61,062,123 | 14,798,998 | 19,633,199 | 207,924 | (26,422,002) | | (26,422,002) |
| Business-type activities | | | | | | | |
| Sewer | 77,340 | 47,784 | - | - | | \$ (29,556) | (29,556) |
| Totals | \$ 61,139,463 | \$ 14,846,782 | \$ 19,633,199 | \$ 207,924 | (26,422,002) | (29,556) | (26,451,558) |
| General revenues | | | | | | | |
| Taxes | | | | | 16,749,501 | - | 16,749,501 |
| Investment earnings | | | | | 234,161 | 1,080 | 235,241 |
| Miscellaneous | | | | | 1,199,211 | 76 | 1,199,287 |
| (Loss) on sale of capital assets | | | | | 319,219 | - | 319,219 |
| Transfers | | | | | <u>29,160</u> | <u>(29,160)</u> | <u>-</u> |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | <u>18,531,252</u> | <u>(28,004)</u> | <u>18,503,248</u> |
| CHANGES IN NET ASSETS | | | | | (7,890,750) | (57,560) | (7,948,310) |
| NET ASSETS - BEGINNING | | | | | 203,509,365 | 222,489 | 203,731,854 |
| PRIOR PERIOD ADJUSTMENT | | | | | <u>(3,597,945)</u> | <u>-</u> | <u>(3,597,945)</u> |
| NET ASSETS - ENDING | | | | | <u>\$ 192,020,670</u> | <u>\$ 164,929</u> | <u>\$ 192,185,599</u> |

See notes to basic financial statements

YAMHILL COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

| | General | Road | Health and Human Services | Solid Waste | Community Corrections | Capital Improvement | Capital Projects | Other Governmental Funds | Totals |
|--|---------------------|---------------------|---------------------------------|---------------------|--------------------------|------------------------|---------------------|--------------------------------|-----------------------|
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 4,358,487 | \$ 496,152 | \$ 3,439,727 | \$ 2,816,825 | \$ 1,670,922 | \$ 388,340 | \$ 897,460 | \$ 5,183,934 | \$ 19,251,847 |
| Receivables | 3,695,276 | 403,167 | 682,891 | 80,983 | 155,632 | - | - | 133,910 | 5,151,859 |
| Inventory | - | 172,459 | - | - | - | - | - | - | 172,459 |
| Prepaid items | 2,145 | - | - | - | - | - | - | 2,172 | 4,317 |
| Advances to other funds | 954,848 | - | - | 520,000 | - | - | - | 87,583 | 1,562,431 |
| TOTAL ASSETS | \$ 9,010,756 | \$ 1,071,778 | \$ 4,122,618 | \$ 3,417,808 | \$ 1,826,554 | \$ 388,340 | \$ 897,460 | \$ 5,407,599 | \$ 26,142,913 |
| LIABILITIES | | | | | | | | | |
| Account payable | \$ 1,278,037 | \$ 86,519 | \$ 454,108 | \$ 38,274 | \$ 39,413 | \$ 35,949 | \$ 897,588 | \$ 102,617 | \$ 2,932,505 |
| Payroll and related liabilities | 193,301 | 47,609 | 202,457 | 6,735 | 54,063 | 10,962 | - | 17,235 | 532,362 |
| Deposits | 11,814 | 9,400 | - | - | - | - | - | 25,433 | 46,647 |
| Advances from other funds | - | - | - | - | 520,000 | 1,042,431 | - | - | 1,562,431 |
| Deferred revenue | 1,407,249 | - | 17,351 | - | - | 25,000 | - | 34,028 | 1,483,628 |
| TOTAL LIABILITIES | 2,890,401 | 143,528 | 673,916 | 45,009 | 613,476 | 1,114,342 | 897,588 | 179,313 | 6,557,573 |
| FUND BALANCES | | | | | | | | | |
| Reserved for: | | | | | | | | | |
| Inventory | - | 172,459 | - | - | - | - | - | - | 172,459 |
| Advances to other funds | 954,848 | - | - | 520,000 | - | - | - | 87,583 | 1,562,431 |
| Unreserved, reported in: | | | | | | | | | |
| General fund | 5,165,507 | - | - | - | - | - | - | - | 5,165,507 |
| Special revenue funds | - | 755,791 | 3,448,702 | 2,852,799 | 1,213,078 | (726,002) | (128) | 2,880,125 | 10,424,365 |
| Capital project funds | - | - | - | - | - | - | - | 2,260,578 | 2,260,578 |
| TOTAL FUND BALANCES | 6,120,355 | 928,250 | 3,448,702 | 3,372,799 | 1,213,078 | (726,002) | (128) | 5,228,286 | 19,585,340 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 9,010,756 | \$ 1,071,778 | \$ 4,122,618 | \$ 3,417,808 | \$ 1,826,554 | \$ 388,340 | \$ 897,460 | \$ 5,407,599 | |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | | | | | | | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | | | | | | | 176,120,148 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | | | | | | | | 1,460,182 |
| The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets | | | | | | | \$ 2,570,331 | | |
| Plus: Compensated absences of the internal service fund included below | | | | | | | 9,328 | | 2,579,659 |
| The bond premium is reported in the statement of net assets but is not reported in the funds | | | | | | | | | (42,750) |
| The net post-employment benefits obligation is reported in the statement of net assets but is not reported in the funds | | | | | | | | | (567,736) |
| 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. | | | | | | | | | (7,114,173) |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | | | | | | | | | \$ 192,020,670 |

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, 2010**

| | General | Road | Health and Human Services | Solid Waste | Community Corrections | Capital Improvement | Capital Projects | Other Governmental Funds | Totals |
|---|--------------------|------------------|---------------------------------|----------------|--------------------------|------------------------|---------------------|--------------------------------|-------------------|
| REVENUES | | | | | | | | | |
| Property taxes | \$ 16,061,003 | \$ - | \$ - | \$ - | \$ - | \$ 13 | \$ - | \$ 280,228 | \$ 16,341,244 |
| Licenses, permits and fees | 607,430 | 46,599 | 290,011 | - | - | - | - | 259,334 | 1,203,374 |
| Intergovernmental | 5,470,017 | 4,687,237 | 5,715,251 | - | 2,564,228 | - | - | 1,550,766 | 19,987,499 |
| Charges for services | 2,997,255 | 281,651 | 7,428,194 | 799,893 | 752,551 | 1,036 | - | 630,138 | 12,890,718 |
| Fines and forfeitures | 316,263 | - | 37,265 | - | - | - | - | 77,394 | 430,922 |
| Interest | 85,245 | 4,268 | 32,774 | 18,560 | 18,480 | (3,692) | 10,016 | 49,955 | 215,606 |
| Other | 396,165 | 83,666 | 386,147 | 3,335 | 31,170 | 16,716 | - | 742,509 | 1,659,708 |
| TOTAL REVENUES | 25,933,378 | 5,103,421 | 13,889,642 | 821,788 | 3,366,429 | 14,073 | 10,016 | 3,590,324 | 52,729,071 |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government | 9,694,674 | - | - | - | - | 1,048,080 | 837,013 | 787,261 | 12,367,028 |
| Public safety | 12,005,651 | - | - | - | - | - | - | 781,847 | 12,787,498 |
| Parks, culture, and recreation | 182,242 | - | - | - | 3,036,729 | - | - | 419,805 | 3,638,776 |
| Highways and streets | - | 4,103,121 | - | - | - | - | - | - | 4,103,121 |
| Health and welfare | - | - | 13,731,581 | 544,324 | - | - | - | - | 14,275,905 |
| Education | - | - | - | - | - | - | - | 136,917 | 136,917 |
| Capital outlay | 2,055,505 | 1,656,804 | 7,000 | - | 25,567 | 50,013 | - | 1,013,461 | 4,808,350 |
| Debt service | - | - | - | - | - | 165,100 | - | - | 165,100 |
| TOTAL EXPENDITURES | 23,938,072 | 5,759,925 | 13,738,581 | 544,324 | 3,062,296 | 1,263,193 | 837,013 | 3,139,291 | 52,282,695 |
| Excess (deficiency) of revenues over expenditures | 1,995,306 | (656,504) | 151,061 | 277,464 | 304,133 | (1,249,120) | (826,997) | 451,033 | 446,376 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Proceeds from capital leases | 212,105 | - | - | - | - | - | - | - | 212,105 |
| Transfers in | 1,477,297 | 573,561 | 1,791,203 | 319,803 | 675,917 | 1,735,703 | - | 655,783 | 7,229,267 |
| Transfers out | (4,452,111) | (437,372) | (1,229,228) | (214,319) | (498,093) | (142,383) | (106,070) | (736,694) | (7,816,270) |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,762,709) | 136,189 | 561,975 | 105,484 | 177,824 | 1,593,320 | (106,070) | (80,911) | (374,898) |
| Net change in fund balances | (767,403) | (520,315) | 713,036 | 382,948 | 481,957 | 344,200 | (933,067) | 370,122 | 71,478 |
| Fund balances at beginning of year | 6,569,186 | 1,448,565 | 2,735,666 | 3,308,423 | 731,121 | (1,070,202) | 932,939 | 4,858,164 | 19,513,862 |
| Prior period adjustment | 318,572 | - | - | (318,572) | - | - | - | - | - |
| Fund balances at end of year | \$ 6,120,355 | \$ 928,250 | \$ 3,448,702 | \$ 3,372,799 | \$ 1,213,078 | \$ (726,002) | \$ (128) | \$ 5,228,286 | \$ 19,585,340 |

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, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 71,478

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 | \$ 4,057,589 | |
| Depreciation | <u>(12,346,485)</u> | (8,288,896) |

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (298,983)

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 | | 257,763 |
| Charges for services | | (43,615) |

The change in other post-employment benefits are reported as additional expenses in the Statement of Activities (251,764)

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.

| | | |
|------------------------------|--|-----------|
| Proceeds from capital leases | | (212,105) |
| Amortization of bond premium | | 2,250 |
| Principal payments | | 175,019 |

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 | | 773 |
|----------------------|--|-----|

Net income of internal service funds after eliminating transfers and income reported above 697,330

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (7,890,750)

See notes to basic financial statements

YAMHILL COUNTY

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

| | Budget | | Actual | Variance |
|--------------------------------------|-------------------|-------------------|-------------------|--------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 15,666,000 | \$ 15,666,000 | \$ 16,061,003 | \$ 395,003 |
| Licenses and permits | 600,612 | 600,612 | 607,430 | 6,818 |
| Intergovernmental | 10,113,628 | 10,113,628 | 5,470,017 | (4,643,611) |
| Charges for services | 2,498,520 | 2,498,520 | 2,997,255 | 498,735 |
| Fines and forfeitures | 277,475 | 277,475 | 316,263 | 38,788 |
| Interest earnings | 100,000 | 100,000 | 85,245 | (14,755) |
| Other | 327,769 | 327,769 | 396,165 | 68,396 |
| TOTAL REVENUES | <u>29,584,004</u> | <u>29,584,004</u> | <u>25,933,378</u> | <u>(3,650,626)</u> |
| EXPENDITURES | | | | |
| Administrative Services | | | | |
| Personal services | 680,705 | 685,705 | 717,403 | (31,698) |
| Materials and services | 53,750 | 53,750 | 29,064 | 24,686 |
| Total Administrative Services | <u>734,455</u> | <u>739,455</u> | <u>746,467</u> | <u>(7,012)</u> |
| Assessor | | | | |
| Personal services | 1,294,095 | 1,294,095 | 1,262,936 | 31,159 |
| Materials and services | 118,500 | 118,500 | 95,418 | 23,082 |
| Capital outlay | 57,000 | 57,000 | 212,105 | (155,105) |
| Total Assessor | <u>1,469,595</u> | <u>1,469,595</u> | <u>1,570,459</u> | <u>(100,864)</u> |
| Board of Commissioners | | | | |
| Personal services | 439,206 | 444,206 | 439,511 | 4,695 |
| Materials and services | 26,654 | 26,654 | 20,080 | 6,574 |
| Total Board of Commissioners | <u>465,860</u> | <u>470,860</u> | <u>459,591</u> | <u>11,269</u> |
| County Clerk | | | | |
| Personal services | 420,976 | 420,976 | 418,772 | 2,204 |
| Materials and services | 261,600 | 261,600 | 210,139 | 51,461 |
| Capital outlay | 18,000 | 18,000 | - | 18,000 |
| Total County Clerk | <u>700,576</u> | <u>700,576</u> | <u>628,911</u> | <u>71,665</u> |
| Information Systems | | | | |
| Personal services | 748,685 | 748,685 | 726,319 | 22,366 |
| Materials and services | 439,578 | 439,578 | 256,882 | 182,696 |
| Capital outlay | 447,870 | 447,870 | 45,135 | 402,735 |
| Total Information Systems | <u>1,636,133</u> | <u>1,636,133</u> | <u>1,028,336</u> | <u>607,797</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 | \$ 1,617,234 | \$ 1,617,234 | \$ 1,607,002 | \$ 10,232 |
| Materials and services | 214,300 | 214,300 | 181,388 | 32,912 |
| Capital outlay | 15,000 | 15,000 | - | 15,000 |
| Total District Attorney | 1,846,534 | 1,846,534 | 1,788,390 | 58,144 |
| Planning | | | | |
| Personal services | 1,027,962 | 1,027,962 | 930,020 | 97,942 |
| Materials and services | 184,000 | 184,000 | 127,991 | 56,009 |
| Total Planning | 1,211,962 | 1,211,962 | 1,058,011 | 153,951 |
| Surveyor | | | | |
| Personal services | 67,356 | 68,356 | 62,256 | 6,100 |
| Materials and services | 5,950 | 5,950 | 5,700 | 250 |
| Capital outlay | 200 | 200 | - | 200 |
| Total Surveyor | 73,506 | 74,506 | 67,956 | 6,550 |
| Support Enforcement | | | | |
| Personal services | 362,610 | 365,110 | 368,540 | (3,430) |
| Materials and services | 18,400 | 18,400 | 15,375 | 3,025 |
| Total Support Enforcement | 381,010 | 383,510 | 383,915 | (405) |
| Treasurer | | | | |
| Personal services | 87,991 | 87,991 | 87,696 | 295 |
| Materials and services | 2,525 | 2,525 | 2,079 | 446 |
| Total Treasurer | 90,516 | 90,516 | 89,775 | 741 |
| Veterans | | | | |
| Personal services | 114,784 | 116,784 | 115,767 | 1,017 |
| Materials and services | 11,075 | 11,075 | 8,140 | 2,935 |
| Total Veterans | 125,859 | 127,859 | 123,907 | 3,952 |
| County Counsel | | | | |
| Personal services | 359,221 | 359,221 | 357,823 | 1,398 |
| Materials and services | 15,725 | 15,725 | 8,710 | 7,015 |
| Total County Counsel | 374,946 | 374,946 | 366,533 | 8,413 |

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) | | | | |
| Transportation | | | | |
| Personal services | \$ 76,634 | \$ 76,634 | \$ 78,136 | \$ (1,502) |
| Materials and services | 3,367,130 | 3,367,130 | 1,247,680 | 2,119,450 |
| Capital outlay | 960,228 | 960,228 | 1,001,743 | (41,515) |
| Total Transportation | 4,403,992 | 4,403,992 | 2,327,559 | 2,076,433 |
| Non-departmental | | | | |
| Materials and services | 1,120,101 | 1,120,101 | 412,553 | 707,548 |
| Capital outlay | 2,614,000 | 2,272,000 | 785,549 | 1,486,451 |
| Total Non-departmental | 3,734,101 | 3,392,101 | 1,198,102 | 2,193,999 |
| Emergency Services | | | | |
| Personal services | 112,110 | 112,110 | 108,496 | 3,614 |
| Materials and services | 156,106 | 156,106 | 16,271 | 139,835 |
| Total Emergency Services | 268,216 | 268,216 | 124,767 | 143,449 |
| Jail | | | | |
| Personal services | 3,283,211 | 3,283,211 | 3,197,307 | 85,904 |
| Materials and services | 621,255 | 621,255 | 604,851 | 16,404 |
| Total Jail | 3,904,466 | 3,904,466 | 3,802,158 | 102,308 |
| Marine | | | | |
| Personal services | 66,323 | 66,323 | 53,602 | 12,721 |
| Materials and services | 10,350 | 10,350 | 6,300 | 4,050 |
| Total Marine | 76,673 | 76,673 | 59,902 | 16,771 |
| Sheriff | | | | |
| Personal services | 4,528,606 | 4,528,606 | 4,209,606 | 319,000 |
| Materials and services | 670,316 | 615,316 | 362,656 | 252,660 |
| Total Sheriff | 5,198,922 | 5,143,922 | 4,572,262 | 571,660 |
| 911/Dispatch Services | | | | |
| Materials and services | 544,434 | 544,434 | 527,767 | 16,667 |

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 | \$ 159,229 | \$ 159,229 | \$ 78,990 | \$ 80,239 |
| Geographical Information Services | | | | |
| Personal services | 191,329 | 191,329 | 185,337 | 5,992 |
| Materials and services | 79,099 | 79,099 | 20,882 | 58,217 |
| Capital outlay | - | - | 5,616 | (5,616) |
| Total Geographical Information Services | 270,428 | 270,428 | 211,835 | 58,593 |
| Narcotics Investigation | | | | |
| Personal services | 21,627 | 21,627 | 15,761 | 5,866 |
| Materials and services | 63,688 | 63,688 | 19,284 | 44,404 |
| Total Narcotics Investigation | 85,315 | 85,315 | 35,045 | 50,270 |
| Juvenile Department | | | | |
| Personal services | 2,482,936 | 2,482,936 | 2,375,658 | 107,278 |
| Materials and services | 155,471 | 155,471 | 119,272 | 36,199 |
| Capital outlay | 5,000 | 5,000 | 5,357 | (357) |
| Total Juvenile Department | 2,643,407 | 2,643,407 | 2,500,287 | 143,120 |
| Parks | | | | |
| Personal services | 122,425 | 122,425 | 117,194 | 5,231 |
| Materials and services | 175,284 | 175,284 | 65,048 | 110,236 |
| Total Parks | 297,709 | 297,709 | 182,242 | 115,467 |
| Air Support Division | | | | |
| Materials and services | 107,800 | 102,300 | 4,904 | 97,396 |
| Contingency | 847,507 | 830,426 | - | 830,426 |
| TOTAL EXPENDITURES | 31,653,251 | 31,249,170 | 23,938,072 | 7,311,098 |
| Excess (deficiency) of revenues over expenditures | (2,069,247) | (1,665,166) | 1,995,306 | 3,660,472 |

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 | \$ 417,870 | \$ 417,870 | \$ 212,105 | \$ (205,765) |
| Purchase of interfund loans | - | - | (1,247,534) | (1,247,534) |
| Transfers in | 1,735,367 | 1,735,367 | 1,477,297 | (258,070) |
| Transfers out | <u>(4,220,666)</u> | <u>(4,624,747)</u> | <u>(4,159,425)</u> | <u>465,322</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,067,429)</u> | <u>(2,471,510)</u> | <u>(3,717,557)</u> | <u>(1,246,047)</u> |
| Net change in fund balance | (4,136,676) | (4,136,676) | (1,722,251) | 2,414,425 |
| Fund balance at beginning of year | 4,888,254 | 4,888,254 | 6,569,186 | 1,680,932 |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>318,572</u> | <u>318,572</u> |
| Fund balance at end of year | <u>\$ 751,578</u> | <u>\$ 751,578</u> | 5,165,507 | <u>\$ 4,413,929</u> |
| Reconciliation to generally accepted accounting principles | | | | |
| Advances to other funds | | | <u>954,848</u> | |
| Fund balance at end of year | | | <u>\$ 6,120,355</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, 2010**

| | Budget | | Actual | Variance |
|---|------------------|------------------|------------------|------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses and permits | \$ 47,800 | \$ 47,800 | \$ 46,599 | \$ (1,201) |
| Intergovernmental | 5,747,957 | 5,747,957 | 4,687,237 | (1,060,720) |
| Charges for services | 220,240 | 220,240 | 281,651 | 61,411 |
| Interest earnings | 10,000 | 10,000 | 4,268 | (5,732) |
| Other | 32,492 | 32,492 | 83,666 | 51,174 |
| TOTAL REVENUES | 6,058,489 | 6,058,489 | 5,103,421 | (955,068) |
| EXPENDITURES | | | | |
| Motor Vehicle | | | | |
| Personal services | 189,710 | 189,710 | 201,010 | (11,300) |
| Materials and services | 415,029 | 415,029 | 428,544 | (13,515) |
| Total Motor Vehicle | 604,739 | 604,739 | 629,554 | (24,815) |
| Engineering | | | | |
| Personal services | 314,177 | 314,177 | 328,754 | (14,577) |
| Materials and services | 17,578 | 17,578 | 13,124 | 4,454 |
| Total Engineering | 331,755 | 331,755 | 341,878 | (10,123) |
| Road | | | | |
| Personal services | 2,011,255 | 2,011,255 | 1,974,888 | 36,367 |
| Materials and services | 1,490,647 | 1,490,647 | 1,156,801 | 333,846 |
| Capital outlay | 2,730,924 | 2,730,924 | 1,656,804 | 1,074,120 |
| Total Road | 6,232,826 | 6,232,826 | 4,788,493 | 1,444,333 |
| Contingency | 312,297 | 312,297 | - | 312,297 |
| TOTAL EXPENDITURES | 7,481,617 | 7,481,617 | 5,759,925 | 1,721,692 |
| Excess (deficiency) of revenues over expenditures | (1,423,128) | (1,423,128) | (656,504) | 766,624 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from interfund loan | 500,000 | 500,000 | - | (500,000) |
| Transfers in | 494,000 | 494,000 | 573,561 | 79,561 |
| Transfers out | (453,709) | (453,709) | (437,372) | 16,337 |
| TOTAL OTHER FINANCING SOURCES (USES) | 540,291 | 540,291 | 136,189 | (404,102) |
| Net change in fund balance | (882,837) | (882,837) | (520,315) | 362,522 |
| Fund balance at beginning of year | 1,044,149 | 1,044,149 | 1,448,565 | 404,416 |
| Fund balance at end of year | \$ 161,312 | \$ 161,312 | \$ 928,250 | \$ 766,938 |

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, 2010**

| | Budget | | Actual | Variance |
|---------------------------------------|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses and permits | \$ 256,044 | \$ 256,044 | \$ 290,011 | \$ 33,967 |
| Intergovernmental | 6,155,820 | 6,155,820 | 5,715,251 | (440,569) |
| Charges for services | 6,888,317 | 6,888,317 | 7,428,194 | 539,877 |
| Fines and penalties | 42,660 | 42,660 | 37,265 | (5,395) |
| Interest earnings | 45,000 | 45,000 | 32,774 | (12,226) |
| Other | 68,369 | 68,369 | 386,147 | 317,778 |
| TOTAL REVENUES | <u>13,456,210</u> | <u>13,456,210</u> | <u>13,889,642</u> | <u>433,432</u> |
| EXPENDITURES | | | | |
| Community Health | | | | |
| Personal services | 1,837,925 | 1,837,925 | 2,025,110 | (187,185) |
| Materials and services | 412,797 | 412,797 | 885,212 | (472,415) |
| Capital outlay | 2,113 | 2,113 | - | 2,113 |
| Total Community Health | <u>2,252,835</u> | <u>2,252,835</u> | <u>2,910,322</u> | <u>(657,487)</u> |
| Developmentally Disabled | | | | |
| Personal services | 899,548 | 899,548 | 896,201 | 3,347 |
| Materials and services | 690,927 | 690,927 | 605,461 | 85,466 |
| Capital outlay | 1,039 | 1,039 | - | 1,039 |
| Total Developmentally Disabled | <u>1,591,514</u> | <u>1,591,514</u> | <u>1,501,662</u> | <u>89,852</u> |
| Mental Health | | | | |
| Personal services | 1,972,429 | 1,972,429 | 2,010,353 | (37,924) |
| Materials and services | 989,643 | 989,643 | 930,740 | 58,903 |
| Capital outlay | 2,356 | 2,356 | - | 2,356 |
| Total Mental Health | <u>2,964,428</u> | <u>2,964,428</u> | <u>2,941,093</u> | <u>23,335</u> |
| Abacus | | | | |
| Personal services | 505,050 | 505,050 | 416,745 | 88,305 |
| Materials and services | 99,270 | 99,270 | 78,670 | 20,600 |
| Capital outlay | 602 | 602 | - | 602 |
| Total Abacus | <u>604,922</u> | <u>604,922</u> | <u>495,415</u> | <u>109,507</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 | \$ 1,896,407 | \$ 1,896,407 | \$ 1,817,983 | \$ 78,424 |
| Materials and services | 262,136 | 262,136 | 241,463 | 20,673 |
| Capital outlay | 2,266 | 2,266 | - | 2,266 |
| Total Family and Youth | 2,160,809 | 2,160,809 | 2,059,446 | 101,363 |
| Chemical Dependency Services | | | | |
| Personal services | 1,926,230 | 1,926,230 | 1,872,588 | 53,642 |
| Materials and services | 230,784 | 230,784 | 207,091 | 23,693 |
| Capital outlay | 2,235 | 2,235 | 7,000 | (4,765) |
| Total Chemical Dependency Services | 2,159,249 | 2,159,249 | 2,086,679 | 72,570 |
| HHS Central Services | | | | |
| Personal services | 339,996 | 339,996 | 299,321 | 40,675 |
| Materials and services | 952,505 | 952,505 | 150,926 | 801,579 |
| Capital outlay | 35,302 | 35,302 | - | 35,302 |
| Total HHS Central Services | 1,327,803 | 1,327,803 | 450,247 | 877,556 |
| Enhanced Care Facility | | | | |
| Personal services | 1,242,198 | 1,242,198 | 1,237,495 | 4,703 |
| Materials and services | 148,339 | 148,339 | 56,222 | 92,117 |
| Capital outlay | 1,586 | 1,586 | - | 1,586 |
| Total Enhanced Care Facility | 1,392,123 | 1,392,123 | 1,293,717 | 98,406 |
| TOTAL EXPENDITURES | 14,453,683 | 14,453,683 | 13,738,581 | 715,102 |
| Excess (deficiency) of revenues over expenditures | (997,473) | (997,473) | 151,061 | 1,148,534 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,763,128 | 1,763,128 | 1,791,203 | 28,075 |
| Transfers out | (1,202,964) | (1,202,964) | (1,229,228) | (26,264) |
| TOTAL OTHER FINANCING SOURCES (USES) | 560,164 | 560,164 | 561,975 | 1,811 |
| Net change in fund balance | (437,309) | (437,309) | 713,036 | 1,150,345 |
| Fund balance at beginning of year | 2,379,411 | 2,379,411 | 2,735,666 | 356,255 |
| Fund balance at end of year | \$ 1,942,102 | \$ 1,942,102 | \$ 3,448,702 | \$ 1,506,600 |

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, 2010**

| | Budget | | Actual | Variance |
|---|-------------|-------------|--------------|--------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 748,788 | \$ 748,788 | \$ 799,893 | \$ 51,105 |
| Interest earnings | 45,400 | 45,400 | 18,560 | (26,840) |
| Other | 2,700 | 2,700 | 3,335 | 635 |
| TOTAL REVENUES | 796,888 | 796,888 | 821,788 | 24,900 |
| EXPENDITURES | | | | |
| Personal services | 310,154 | 310,154 | 329,078 | (18,924) |
| Materials and services | 461,985 | 461,985 | 215,246 | 246,739 |
| Contingency | 2,942,667 | 2,942,667 | - | 2,942,667 |
| TOTAL EXPENDITURES | 3,714,806 | 3,714,806 | 544,324 | 3,170,482 |
| Excess (deficiency) of revenues over expenditures | (2,917,918) | (2,917,918) | 277,464 | 3,195,382 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of interfund loan | - | - | 1,013,725 | 1,013,725 |
| Transfers in | 38,003 | 38,003 | 1,231 | (36,772) |
| Transfers out | (220,085) | (220,085) | (214,319) | 5,766 |
| TOTAL OTHER FINANCING SOURCES (USES) | (182,082) | (182,082) | 800,637 | 982,719 |
| Net change in fund balance | (3,100,000) | (3,100,000) | 1,078,101 | 4,178,101 |
| Fund balance at beginning of year | 3,100,000 | 3,100,000 | 3,308,423 | 208,423 |
| Prior period adjustment | - | - | (1,533,725) | (1,533,725) |
| Fund balance at end of year | \$ - | \$ - | 2,852,799 | \$ 2,852,799 |
| Reconciliation to generally accepted accounting principles | | | | |
| Advances to other funds | | | 520,000 | |
| Fund balance at end of year | | | \$ 3,372,799 | |

See notes to basic financial statements

YAMHILL COUNTY

**COMMUNITY CORRECTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

| | Budget | | Actual | Variance |
|-----------------------------|------------------|------------------|------------------|------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 2,753,902 | \$ 2,753,902 | \$ 2,564,228 | \$ (189,674) |
| Charges for services | 795,650 | 795,650 | 752,551 | (43,099) |
| Interest earnings | 15,000 | 15,000 | 18,480 | 3,480 |
| Other | 31,000 | 31,000 | 31,170 | 170 |
| TOTAL REVENUES | <u>3,595,552</u> | <u>3,595,552</u> | <u>3,366,429</u> | <u>(229,123)</u> |
| EXPENDITURES | | | | |
| Jail | | | | |
| Personal services | 260,577 | 315,577 | 214,434 | 101,143 |
| Materials and services | 3,041 | 3,041 | 19,742 | (16,701) |
| Capital outlay | 74,740 | 74,740 | 25,567 | 49,173 |
| Total Jail | <u>338,358</u> | <u>393,358</u> | <u>259,743</u> | <u>133,615</u> |
| Community Corrections | | | | |
| Personal services | 168,094 | 168,094 | 151,336 | 16,758 |
| Materials and services | 9,160 | 9,160 | 5,916 | 3,244 |
| Total Community Corrections | <u>177,254</u> | <u>177,254</u> | <u>157,252</u> | <u>20,002</u> |
| State Enhancement | | | | |
| Personal services | 1,828,400 | 1,828,400 | 1,612,641 | 215,759 |
| Materials and services | 366,450 | 366,450 | 165,756 | 200,694 |
| Capital outlay | 15,000 | 15,000 | - | 15,000 |
| Total State Enhancement | <u>2,209,850</u> | <u>2,209,850</u> | <u>1,778,397</u> | <u>431,453</u> |
| Victims Panel | | | | |
| Materials and services | 3,000 | 3,000 | 1,720 | 1,280 |
| Work Release | | | | |
| Personal services | 235,992 | 235,992 | 202,290 | 33,702 |
| Materials and services | 12,722 | 12,722 | 6,796 | 5,926 |
| Total Work Release | <u>248,714</u> | <u>248,714</u> | <u>209,086</u> | <u>39,628</u> |

See notes to basic financial statements

Continued on page 16

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

| | Budget | | Actual | Variance |
|---|-------------------|-------------------|---------------------|---------------------|
| | Original | Final | | |
| EXPENDITURES (continued) | | | | |
| Senate Bill 1145 | | | | |
| Personal services | \$ 171,006 | \$ 171,006 | \$ 146,488 | \$ 24,518 |
| Materials and services | 17,904 | 17,904 | 12,192 | 5,712 |
| Total Senate Bill 1145 | <u>188,910</u> | <u>188,910</u> | <u>158,680</u> | <u>30,230</u> |
| Jail Facilities Maintenance | | | | |
| Personal services | 222,492 | 222,492 | 202,294 | 20,198 |
| Materials and services | 288,344 | 288,344 | 295,124 | (6,780) |
| Total Jail Facilities Maintenance | <u>510,836</u> | <u>510,836</u> | <u>497,418</u> | <u>13,418</u> |
| TOTAL EXPENDITURES | <u>3,676,922</u> | <u>3,731,922</u> | <u>3,062,296</u> | <u>669,626</u> |
| Excess (deficiency) of revenues over expenditures | <u>(81,370)</u> | <u>(136,370)</u> | <u>304,133</u> | <u>440,503</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of interfund loan | - | - | 275,920 | 275,920 |
| Transfers in | 970,524 | 970,524 | 675,917 | (294,607) |
| Transfers out | (1,109,154) | (1,109,154) | (498,093) | (611,061) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(138,630)</u> | <u>(138,630)</u> | <u>453,744</u> | <u>(629,748)</u> |
| Net change in fund balance | (220,000) | (275,000) | 757,877 | 1,032,877 |
| Fund balance at beginning of year | 675,000 | 675,000 | 731,121 | 56,121 |
| Prior period adjustment | - | - | 244,080 | 244,080 |
| Fund balance at end of year | <u>\$ 455,000</u> | <u>\$ 400,000</u> | 1,733,078 | <u>\$ 1,333,078</u> |
| Reconciliation to generally accepted accounting principles | | | | |
| Advances from other funds | | | (520,000) | |
| Fund balance at end of year | | | <u>\$ 1,213,078</u> | |

See notes to basic financial statements

YAMHILL COUNTY

**CAPITAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

| | Budget | | Actual | Variance |
|---|------------------|------------------|------------------|------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ 13 | \$ 13 |
| Intergovernmental | 400,000 | 400,000 | - | (400,000) |
| Interest earnings | - | - | (3,692) | (3,692) |
| Other | 18,200 | 18,200 | 16,716 | (1,484) |
| TOTAL REVENUES | 418,200 | 418,200 | 14,073 | (404,127) |
| EXPENDITURES | | | | |
| Facilities Maintenance | | | | |
| Personal services | 476,683 | 476,683 | 459,920 | 16,763 |
| Materials and services | 408,412 | 408,412 | 415,854 | (7,442) |
| Total Facilities Maintenance | 885,095 | 885,095 | 875,774 | 9,321 |
| Information Systems | | | | |
| Materials and services | 170,100 | 163,223 | 159,952 | 3,271 |
| Capital outlay | - | 6,877 | 6,877 | - |
| Total Information Systems | 170,100 | 170,100 | 166,829 | 3,271 |
| Capital Improvement | | | | |
| Materials and services | 313,050 | 313,050 | 177,454 | 135,596 |
| Capital outlay | 463,946 | 463,946 | 43,136 | 420,810 |
| Total Capital Improvement | 776,996 | 776,996 | 220,590 | 556,406 |
| Maintenance Reserve | | | | |
| Capital outlay | 101,500 | 101,500 | - | 101,500 |
| TOTAL EXPENDITURES | 1,933,691 | 1,933,691 | 1,263,193 | 670,498 |
| Excess (deficiency) of revenues over expenditures | (1,515,491) | (1,515,491) | (1,249,120) | 266,371 |

*See notes to basic financial statements
Continued on page 18*

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

| | Budget | | Actual | Variance |
|---|----------------------|----------------------|-------------------------|-----------------------|
| | Original | Final | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 2,872,594 | \$ 2,872,594 | \$ 1,735,703 | \$(1,136,891) |
| Transfers out | <u>(295,293)</u> | <u>(295,293)</u> | <u>(233,517)</u> | <u>61,776</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>2,577,301</u> | <u>2,577,301</u> | <u>1,502,186</u> | <u>(1,075,115)</u> |
| Net change in fund balance | 1,061,810 | 1,061,810 | 253,066 | (808,744) |
| Fund balance at beginning of year | (1,005,983) | (1,005,983) | (1,070,202) | (64,219) |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>1,133,565</u> | <u>1,133,565</u> |
| Fund balance at end of year | <u>\$ 55,827</u> | <u>\$ 55,827</u> | <u>\$ 316,429</u> | <u>\$ 260,602</u> |
| Reconciliation to generally accepted accounting principles | | | | |
| Advances from other funds | | | <u>(1,042,431)</u> | |
| Fund balance at end of year | | | <u>\$ (726,002)</u> | |

See notes to basic financial statements

YAMHILL COUNTY

**CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

| | Budget | | Actual | Variance |
|---|------------------|------------------|------------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 12,000 | \$ 12,000 | \$ 10,016 | \$ (1,984) |
| EXPENDITURES | | | | |
| Materials and services | <u>542,994</u> | <u>854,994</u> | <u>837,013</u> | <u>17,981</u> |
| Excess (deficiency) of revenues over expenditures | <u>(530,994)</u> | <u>(842,994)</u> | <u>(826,997)</u> | <u>15,997</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 312,000 | - | 312,000 |
| Transfers out | <u>(92,568)</u> | <u>(92,568)</u> | <u>(106,070)</u> | <u>(13,502)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(92,568)</u> | <u>219,432</u> | <u>(106,070)</u> | <u>298,498</u> |
| Net change in fund balance | (623,562) | (623,562) | (933,067) | (309,505) |
| Fund balance at beginning of year | <u>623,562</u> | <u>623,562</u> | <u>932,939</u> | <u>309,377</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (128)</u> | <u>\$ (128)</u> |

See notes to basic financial statements

YAMHILL COUNTY

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2010**

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|---|---|------------------------------------|
| | Cove Orchard Sewer Service District | Internal Service |
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash and investments | \$ 80,261 | \$ 2,606,833 |
| Receivables | <u>3,174</u> | <u>17,336</u> |
| Total current assets | <u>83,435</u> | <u>2,624,169</u> |
| Capital assets | | |
| Land | 78,356 | - |
| Other capital assets, net | <u>5,224</u> | <u>-</u> |
| Total capital assets | <u>83,580</u> | <u>-</u> |
| TOTAL ASSETS | <u>167,015</u> | <u>2,624,169</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable and accrued expenses | 1,835 | 42,044 |
| Payroll and related liabilities | 251 | 2,466 |
| Compensated absences | <u>-</u> | <u>9,328</u> |
| TOTAL LIABILITIES | <u>2,086</u> | <u>53,838</u> |
| <u>NET ASSETS</u> | | |
| Invested in capital assets, net of related debt | 83,580 | - |
| Unrestricted | <u>81,349</u> | <u>2,570,331</u> |
| TOTAL NET ASSETS | <u>\$ 164,929</u> | <u>\$ 2,570,331</u> |

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, 2010**

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|---|--|------------------------------------|
| | <u>Cove Orchard Sewer Service District</u> | <u>Internal Service</u> |
| OPERATING REVENUES | | |
| Charges for services | \$ 47,784 | \$ 1,690,533 |
| Other | <u>76</u> | <u>158,292</u> |
| TOTAL OPERATING REVENUES | <u>47,860</u> | <u>1,848,825</u> |
| OPERATING EXPENSES | | |
| Personal services | 5,347 | 603,617 |
| Materials and services | 26,298 | 1,182,596 |
| Depreciation | <u>45,695</u> | <u>-</u> |
| TOTAL OPERATING EXPENSES | <u>77,340</u> | <u>1,786,213</u> |
| Operating income (loss) | (29,480) | 62,612 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings | <u>1,080</u> | <u>18,555</u> |
| Income (loss) before transfers | <u>(28,400)</u> | <u>81,167</u> |
| TRANSFERS | | |
| Transfers in | - | 789,228 |
| Transfers out | <u>(29,160)</u> | <u>(173,065)</u> |
| TOTAL TRANSFERS | <u>(29,160)</u> | <u>616,163</u> |
| Change in net assets | (57,560) | 697,330 |
| Net assets - beginning | <u>222,489</u> | <u>1,873,001</u> |
| Net assets - ending | <u>\$ 164,929</u> | <u>\$ 2,570,331</u> |

See notes to basic financial statements

YAMHILL COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

| | Business-type Activities | Governmental Activities |
|---|---|----------------------------|
| | Cove Orchard Sewer Service District | Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 46,290 | \$ - |
| Receipts from interfund services provided | - | 1,690,703 |
| Other receipts | - | 172,897 |
| Payments to suppliers of goods or services | (31,095) | (1,162,737) |
| Payments to employees for services | (5,315) | (601,414) |
| | 9,880 | 99,449 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers in | - | 789,228 |
| Transfers out | (29,160) | (173,065) |
| | (29,160) | 616,163 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (5,499) | - |
| | 1,080 | 18,555 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on investments | 1,080 | 18,555 |
| | (23,699) | 734,167 |
| Net increase (decrease) in cash and cash equivalents | (23,699) | 734,167 |
| Cash and cash equivalents - beginning of year | 103,960 | 1,872,666 |
| | 80,261 | 2,606,833 |
| Cash and cash equivalents - end of year | \$ 80,261 | \$ 2,606,833 |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | |
| Operating income (loss) | \$ (29,480) | \$ 62,612 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | |
| Depreciation | 45,695 | - |
| (Increase) decrease in assets: | | |
| Receivables | (1,570) | (5,309) |
| Due from other funds | - | 20,084 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (4,797) | 19,859 |
| Payroll and related liabilities | 32 | 1,743 |
| Compensated absences | - | 460 |
| | 9,880 | 99,449 |
| Net cash provided by operating activities | \$ 9,880 | \$ 99,449 |

See notes to basic financial statements

YAMHILL COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2010

| | Agency Funds |
|--|-----------------|
| <u>ASSETS</u> | |
| Cash and investments | \$ 2,560,954 |
| Property taxes receivable | 7,300,591 |
| | <hr/> |
| TOTAL ASSETS | \$ 9,861,545 |
| | <hr/> |
| <u>LIABILITIES</u> | |
| Due to other taxing districts/agencies | \$ 9,752,275 |
| Other liabilities | 109,270 |
| | <hr/> |
| TOTAL LIABILITIES | \$ 9,861,545 |
| | <hr/> |

See notes to basic financial statements

YAMHILL COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

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.

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

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

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

The County reports the following major governmental funds:

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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

Community Corrections - accounts for the custodial and supervisory services for offenders adjudicated through the criminal justice system of the County.

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

Capital Projects - accounts for revenues and expenditures associated with major construction projects or equipment acquisitions.

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.

Budget policies and budgetary control

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Budget policies and budgetary control (continued)

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

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

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

Risk management

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

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 |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Capital assets (continued)

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.

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)

Compensated absences

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

Use of estimates

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

2. Deposits and investments

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

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

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

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

As of June 30, 2010, the County had the following investments:

| | Standard and Poor's Ratings | Maturities | Fair Value |
|-----------------------------------|-----------------------------------|------------|---------------|
| State Treasurer's Investment Pool | N/A | N/A | \$ 21,526,297 |

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.

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, 2010, \$2,620,921 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, 2010 are as follows:

| | |
|--------------------------------------|----------------------|
| Total investments | \$ 21,526,297 |
| Cash on hand | 13,675 |
| Cash with fiscal agent | 74,118 |
| Deposits with financial institutions | <u>2,885,805</u> |
| Total deposits and investments | <u>\$ 24,499,895</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

B. Cash and investments by fund:

| | |
|--|----------------------|
| <u>Governmental activities/funds</u> | |
| General | \$ 4,358,487 |
| Road | 496,152 |
| Health and Human Services | 3,439,727 |
| Solid Waste | 2,816,825 |
| Community Corrections | 1,670,922 |
| Capital Improvement | 388,340 |
| Capital Projects | 897,460 |
| Other | <u>5,183,934</u> |
| Total governmental funds | 19,251,847 |
| Internal Service funds | <u>2,606,833</u> |
| Total governmental activities | 21,858,680 |
| <u>Business-type activities/Proprietary fund</u> | |
| Cove Orchard Sewer Service District | 80,261 |
| <u>Fiduciary fund</u> | |
| Agency | <u>2,560,954</u> |
| Total cash and investments | <u>\$ 24,499,895</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The County's receivables at June 30, 2010 are as follows:

| | General | Road | Health and Human Services | Solid Waste | Community Corrections | Other Governmental Funds | Total Governmental Funds |
|----------------|--------------------|------------------|---------------------------------|-----------------|--------------------------|--------------------------------|--------------------------------|
| Property taxes | \$1,475,383 | \$ - | \$ - | | \$ - | \$ 27,015 | \$ 1,502,398 |
| Accounts | <u>2,219,893</u> | <u>403,167</u> | <u>682,891</u> | <u>80,983</u> | <u>155,632</u> | <u>106,895</u> | <u>3,649,461</u> |
| | <u>\$3,695,276</u> | <u>\$403,167</u> | <u>\$682,891</u> | <u>\$80,983</u> | <u>\$155,632</u> | <u>\$133,910</u> | <u>\$5,151,859</u> |

| | Internal Service | Total Governmental Activities | Business Activities/ Proprietary fund | Cove Orchard Sewer Service District | Fiduciary Agency | Totals |
|----------------|---------------------|-------------------------------------|--|---|---------------------|---------------------|
| Property taxes | \$ - | \$ 1,502,398 | | \$ - | \$ 7,300,591 | \$ 8,802,989 |
| Accounts | <u>17,336</u> | <u>3,666,797</u> | | <u>3,174</u> | <u>-</u> | <u>3,687,307</u> |
| | <u>\$17,336</u> | <u>\$5,169,195</u> | | <u>\$3,174</u> | <u>\$7,300,591</u> | <u>\$12,490,296</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, 2009 | 2009-10 Levy | Adjustments | Net Interest (Discounts) | Collections | Balances June 30, 2010 |
|---------|-----------------------------|---------------------|---------------------|--------------------------------|-----------------------|------------------------------|
| Current | \$ - | \$99,043,628 | \$ (367,960) | \$(2,299,246) | \$(91,277,282) | \$ 5,099,140 |
| Prior | <u>7,240,126</u> | <u>-</u> | <u>(216,344)</u> | <u>364,407</u> | <u>(3,684,340)</u> | <u>3,703,849</u> |
| | <u>\$7,240,126</u> | <u>\$99,043,628</u> | <u>\$ (584,304)</u> | <u>\$(1,934,839)</u> | <u>\$(94,961,622)</u> | <u>\$ 8,802,989</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, 2010 was as follows:

| | Balances July 1, 2009 | Additions | Deletions | Balances June 30, 2010 |
|---|--------------------------|-----------------------|--------------------|---------------------------|
| 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 |
| Total capital assets, not being depreciated | <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 | 13,260,485 | 2,450,902 | (972,083) | 14,739,304 |
| Infrastructure | 356,629,741 | 1,606,687 | - | 358,236,428 |
| Total capital assets being depreciated | <u>389,052,370</u> | <u>4,057,589</u> | <u>(972,083)</u> | <u>392,137,876</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,754,907 | 530,358 | (1,900) | 5,283,365 |
| Machinery and equipment | 8,614,236 | 1,074,303 | (671,200) | 9,017,339 |
| Infrastructure | 240,356,490 | 10,741,824 | - | 251,098,314 |
| Total accumulated depreciation | <u>253,725,633</u> | <u>12,346,485</u> | <u>(673,100)</u> | <u>265,399,018</u> |
| Total capital assets being depreciated, net | <u>135,326,737</u> | <u>(8,288,896)</u> | <u>(298,983)</u> | <u>126,738,858</u> |
| Governmental activities capital assets, net | <u>\$ 184,708,027</u> | <u>\$ (8,288,896)</u> | <u>\$(298,983)</u> | <u>\$ 176,120,148</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 1,409,128 |
| Public safety | 84,565 |
| Highways and streets | 10,798,948 |
| Health and sanitation | 29,720 |
| Parks, culture and recreation | 24,124 |
| Total depreciation expense- governmental activities | <u>\$12,346,485</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, 2010 was as follows:

| | Balances <u>June 30, 2009</u> | <u>Additions</u> | Balances <u>June 30, 2010</u> |
|--|----------------------------------|--------------------|----------------------------------|
| Capital assets, not being depreciated | | | |
| Land | \$ 78,356 | \$ - | \$ 78,356 |
| Capital assets, being depreciated | | | |
| Buildings and equipment | 957,674 | 5,499 | 963,173 |
| Less accumulated depreciation for: | | | |
| Buildings and equipment | <u>(912,254)</u> | <u>(45,695)</u> | <u>(957,949)</u> |
| Total capital assets, being depreciated, net | <u>45,420</u> | <u>(40,196)</u> | <u>5,224</u> |
| Total capital assets | <u>\$ 123,776</u> | <u>\$ (40,196)</u> | <u>\$ 83,580</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations

A. Transactions for the year ended June 30, 2010 are as follows:

| | Outstanding July 1, 2009 | Additions | Reductions | Outstanding June 30, 2010 | Balances Due Within One Year |
|--|--------------------------------|---------------------|---------------------|---------------------------------|------------------------------------|
| Full Faith and Credit Bond original amount \$1,750,000; interest rates of 2.0 percent to 4.7 percent | | | | | |
| Principal | \$ 955,000 | \$ - | \$ 50,000 | \$ 905,000 | \$ 50,000 |
| Interest | - | 40,450 | 40,450 | - | |
| | <u>955,000</u> | <u>40,450</u> | <u>90,450</u> | <u>905,000</u> | |
| Loan - Oregon Economic and Community Development Department, original commitment \$1,000,000; interest at 2.61 percent | | | | | |
| Principal | 1,305,000 | - | 42,846 | 1,262,154 | 48,081 |
| Interest | - | 31,804 | 31,804 | - | |
| | <u>1,305,000</u> | <u>31,804</u> | <u>74,650</u> | <u>1,262,154</u> | |
| Capital Lease - Unisys Leasing for hardware and software, interest at 4.107 percent | | | | | |
| Principal | - | 212,105 | 46,347 | 165,758 | 43,825 |
| Interest | - | 3,840 | 3,840 | - | |
| | <u>-</u> | <u>215,945</u> | <u>50,187</u> | <u>165,758</u> | |
| Landfill liability | <u>3,597,945</u> | <u>-</u> | <u>35,826</u> | <u>3,562,119</u> | 177,713 |
| Vested compensated absences | <u>1,219,455</u> | <u>1,918,751</u> | <u>1,919,064</u> | <u>1,219,142</u> | <u>1,219,142</u> |
| Principal | 7,077,400 | 2,130,856 | 2,094,083 | 7,114,173 | |
| Interest | - | 76,094 | 76,094 | - | |
| | <u>\$ 7,077,400</u> | <u>\$ 2,206,950</u> | <u>\$ 2,170,177</u> | <u>\$ 7,114,173</u> | <u>\$ 1,538,761</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

B. The future maturity of long-term obligations outstanding as of June 30, 2010 is as follows:

| Fiscal Year | Full Faith and Credit Bond August 27, 2003 | | Loan OECD | | Unisys Leasing Capital Lease | | Vested Compensated | Totals | |
|----------------|---|-------------------|---------------------|-------------------|---------------------------------|------------------|-----------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Absences | Principal | Interest |
| 2011 | \$ 50,000 | \$ 38,700 | \$ 48,081 | \$ 55,220 | \$ 43,825 | \$ 6,362 | \$ 1,219,142 | \$ 1,361,048 | \$ 100,282 |
| 2012 | 50,000 | 36,825 | 48,324 | 53,777 | 45,643 | 4,544 | - | 143,967 | 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 |
| 2016-20 | 325,000 | 111,513 | 291,760 | 211,018 | - | - | - | 616,760 | 322,531 |
| 2021-25 | 315,000 | 30,432 | 364,037 | 141,941 | - | - | - | 679,037 | 172,373 |
| 2026-30 | - | - | 358,322 | 44,819 | - | - | - | 358,322 | 44,819 |
| | <u>\$ 905,000</u> | <u>\$ 314,963</u> | <u>\$ 1,262,154</u> | <u>\$ 658,646</u> | <u>\$ 165,758</u> | <u>\$ 14,863</u> | <u>\$ 1,219,142</u> | <u>\$ 3,552,054</u> | <u>\$ 988,472</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 dated May 2009 less actual costs paid in this fiscal year of \$35,826. 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 its tax-exempt variable rate demand revenue bonds, series 2005A and its federally taxable variable demand rate revenue bonds, series 2005B in the aggregate principal amount not to exceed \$28,400,000. The bonds that were issued, 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") to (1) finance the costs of construction, additions, renovations, improvements and equipping of the University's new residence hall and the Herbert Hoover Academic Building, (2) improvements to parking areas and athletic facilities, (3) acquisition of property contiguous to the Newberg Campus and capital improvements thereto, (4) improvements to educational and educational support facilities located on the Newberg Campus, and (5) 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, 2010 are \$19,280,000 and \$5,625,000 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 | \$ 1,477,297 | \$ 4,452,111 |
| Road | 573,561 | 437,372 |
| Health and Human Services | 1,791,203 | 1,229,228 |
| Solid Waste | 319,803 | 214,319 |
| Community Corrections | 675,917 | 498,093 |
| Capital Improvement | 1,735,703 | 142,383 |
| Capital Projects | - | 106,070 |
| Other Governmental | 655,783 | 736,694 |
| Cove Orchard Sewer Service District | - | 29,160 |
| Internal Service | 789,228 | 173,065 |
| | <u>\$ 7,745,120</u> | <u>\$ 7,745,120</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 Community Corrections 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 | | |
|--------------------------|---------------------------|---------------------|---------------------|
| | Community Corrections | Capital Improvement | Totals |
| General | \$ - | \$ 954,848 | \$ 954,848 |
| Solid Waste | 520,000 | - | 520,000 |
| Other governmental Funds | - | 87,583 | 87,583 |
| Total | \$ 520,000 | \$ 1,042,431 | \$ 1,562,431 |

The \$520,000 payable to the Solid Waste Fund from the Community Corrections Fund was used for improvements to the Jail. The loans to the Capital Improvement Fund used for the purchase of property at 638 Davis Street and a block of properties which consisted of three large commercial buildings in McMinnville were moved from the Solid Waste Fund to the General Fund by board action in January 2010. The year-end balance of the loan was \$ 691,398. The \$263,450 payable to the General Fund from the Capital Improvement Fund was for a new Chiller in the County Courthouse. This loan was also transferred from the Solid Waste Fund to the General Fund by the same board action. The \$87,583 from the Other Governmental Funds to the Capital Improvements Fund is related to the local match 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 | Capital | Other | Totals |
|----------------|---------------------|------------------|------------------|--------------------|---------------------|
| | | Human Services | Improvement | Governmental Funds | |
| Property taxes | \$ 1,407,249 | \$ - | \$ - | \$ 25,838 | \$ 1,433,087 |
| Other | - | 17,351 | - | 8,190 | 25,541 |
| Prepaid items | - | - | 25,000 | - | 25,000 |
| Total | \$ 1,407,249 | \$ 17,351 | \$ 25,000 | \$ 34,028 | \$ 1,483,628 |

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, 2010, 2009, and 2008, were as follows:

| June 30, | Annual Pension Cost (APC) | Contributions | Percentage of APC Contributed | Net Pension Obligation |
|----------|---------------------------------|---------------|-------------------------------------|------------------------------|
| 2010 | \$ 2,326,813 | \$ 2,326,813 | 100 | \$ - |
| 2009 | 3,167,368 | 3,167,368 | 100 | - |
| 2008 | 2,919,121 | 2,919,121 | 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 |
|-------------------|---------------------------------|-----------------------------------|---|-----------------|--------------------|---|
| 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%) |
| 1999 | 19,367,517 | 14,225,527 | (5,141,990) | 136% | 14,324,130 | (36%) |

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, 2008 (the date of the first actuarial valuation) consisted of the following:

| | |
|---------------------------------|------------|
| Active employees | 366 |
| Retirees, spouses or dependents | <u>11</u> |
| Total | <u>377</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 | \$ 431 |
| For spouses of retirees | 510 |

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, 2008 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 | \$ 214,305 |
| Amortization of UAAL | <u>155,242</u> |
| Annual required contribution | <u>\$ 369,547</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

The net OPEB obligation as of June 30, 2010 was calculated as follows:

| | |
|--|-----------------------|
| Annual required contribution | \$ 369,547 |
| Interest on prior year Net OPEB | 14,219 |
| Adjustment to ARC | 22,303 |
| Contributions made | <u>(109,699)</u> |
| Increase in net OPEB obligation | 251,764 |
| Net OPEB obligation at beginning of year | <u>315,972</u> |
| Net OPEB obligation at end of year | <u>\$ 567,736</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, 2010 is as follows:

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Annual</u> <u>OPEB Cost</u> | <u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u> | <u>Net OPEB</u> <u>Obligation</u> |
|---|-----------------------------------|---|--------------------------------------|
| 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</u> <u>Date</u> | <u>Assets</u> | <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> | <u>Unfunded</u> <u>Accrued</u> <u>Liability</u> | <u>Funded</u> <u>Ratio</u> | <u>Covered</u> <u>Payroll</u> | <u>UAL/</u> <u>Payroll</u> |
|---------------------------------|---------------|--|---|-------------------------------|----------------------------------|-------------------------------|
| August 1, 2008 | \$ -- | \$ 2,035,986 | \$ 2,035,986 | 0% | \$ 22,772,563 | 8.96% |

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, 2008 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, 2008 the remaining amortization period is 14 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, 2010, 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 \$928,250.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Fund deficits

The financial statements include cumulative fund deficits in the Capital Improvement Fund of \$(776,002) and in the Capital Projects Fund of \$(128).

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

15. Prior period adjustment

Net assets have been restated as of June 30, 2009 to correct an error in accounting for the landfill post-closure care liability. A prior period adjustment in the amount of \$(3,597,945) was made to governmental activities. A prior period adjustment was made to fund balances - budgetary basis to reflect the budgetary basis effect of interfund loans as follows:

| <u>Fund</u> | <u>Adjustment Amount</u> |
|-----------------------|------------------------------|
| General | \$ 318,572 |
| Solid Waste | (1,533,725) |
| Community Corrections | 244,080 |
| Capital Improvement | 1,133,565 |
| Other governmental | (142,408) |
| Internal service | (20,084) |

16. 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 | | | |
| Assessor | \$ 1,469,595 | \$ 1,570,459 | \$ (100,864) |

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

YAMHILL COUNTY

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2010

| | Special Revenue | Capital Projects | Totals |
|---|-------------------------|-------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 2,926,818 | \$ 2,257,116 | \$ 5,183,934 |
| Receivables | 130,448 | 3,462 | 133,910 |
| Prepays | 2,172 | - | 2,172 |
| Advances to other funds | <u>87,583</u> | <u>-</u> | <u>87,583</u> |
| TOTAL ASSETS | <u>\$ 3,147,021</u> | <u>\$ 2,260,578</u> | <u>\$ 5,407,599</u> |
| <u>LIABILITIES</u> | | | |
| Account payable | \$ 102,617 | \$ - | \$ 102,617 |
| Payroll and related liabilities | 17,235 | - | 17,235 |
| Deposits | 25,433 | - | 25,433 |
| Deferred revenue | <u>34,028</u> | <u>-</u> | <u>34,028</u> |
| TOTAL LIABILITIES | <u>179,313</u> | <u>-</u> | <u>179,313</u> |
| <u>FUND BALANCES</u> | | | |
| Reserved for advances to other funds | 87,583 | - | 87,583 |
| Unreserved | <u>2,880,125</u> | <u>2,260,578</u> | <u>5,140,703</u> |
| TOTAL FUND BALANCES | <u>2,967,708</u> | <u>2,260,578</u> | <u>5,228,286</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,147,021</u> | <u>\$ 2,260,578</u> | <u>\$ 5,407,599</u> |

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

| | Special Revenue | Capital Projects | Totals |
|---|---------------------|---------------------|---------------------|
| REVENUES | | | |
| Property taxes | \$ 280,228 | \$ - | \$ 280,228 |
| Licenses, permits and fees | 259,334 | - | 259,334 |
| Intergovernmental | 1,509,993 | 40,773 | 1,550,766 |
| Charges for services | 627,362 | 2,776 | 630,138 |
| Fines and forfeitures | 77,394 | - | 77,394 |
| Interest | 30,878 | 19,077 | 49,955 |
| Other | 122,200 | 620,309 | 742,509 |
| TOTAL REVENUES | <u>2,907,389</u> | <u>682,935</u> | <u>3,590,324</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | 779,185 | 8,076 | 787,261 |
| Public safety | 730,084 | 51,763 | 781,847 |
| Parks, culture, and recreation | 419,805 | - | 419,805 |
| Education | 136,917 | - | 136,917 |
| Capital outlay | 327,816 | 685,645 | 1,013,461 |
| TOTAL EXPENDITURES | <u>2,393,807</u> | <u>745,484</u> | <u>3,139,291</u> |
| Excess (deficiency) of revenues over expenditures | <u>513,582</u> | <u>(62,549)</u> | <u>451,033</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 187,649 | 468,134 | 655,783 |
| Transfers out | <u>(684,538)</u> | <u>(52,156)</u> | <u>(736,694)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(496,889)</u> | <u>415,978</u> | <u>(80,911)</u> |
| Net change in fund balances | 16,693 | 353,429 | 370,122 |
| Fund balances at beginning of year | <u>2,951,015</u> | <u>1,907,149</u> | <u>4,858,164</u> |
| Fund balances at end of year | <u>\$ 2,967,708</u> | <u>\$ 2,260,578</u> | <u>\$ 5,228,286</u> |

YAMHILL COUNTY

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2010**

| | County Clerk's Records | Dog Control | Law Library | Commission on Children and Families | County Fair | 911 Emergency System |
|--|------------------------------|-------------------|------------------|---|------------------|----------------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and investments | \$ 127,725 | \$ 342,261 | \$ 37,348 | \$ 138,174 | \$ 43,146 | \$ 23,796 |
| Receivables | 12 | - | - | 29,662 | 11,168 | 56,019 |
| Prepays | - | - | - | - | 2,172 | - |
| Advances to other funds | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 127,737 | \$ 342,261 | \$ 37,348 | \$ 167,836 | \$ 56,486 | \$ 79,815 |
| <u>LIABILITIES</u> | | | | | | |
| Account payable | \$ 4,366 | \$ 8,618 | \$ 5,387 | \$ 27,176 | \$ 21,765 | \$ - |
| Payroll and related liabilities | - | 4,268 | 308 | 5,785 | 131 | - |
| Deposits | - | 4,619 | - | - | - | - |
| Deferred revenue | - | - | - | - | 8,190 | - |
| TOTAL LIABILITIES | 4,366 | 17,505 | 5,695 | 32,961 | 30,086 | - |
| <u>FUND BALANCES</u> | | | | | | |
| Reserved for advances to other funds | - | - | - | - | - | - |
| Unreserved | 123,371 | 324,756 | 31,653 | 134,875 | 26,400 | 79,815 |
| TOTAL FUND BALANCES | 123,371 | 324,756 | 31,653 | 134,875 | 26,400 | 79,815 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 127,737 | \$ 342,261 | \$ 37,348 | \$ 167,836 | \$ 56,486 | \$ 79,815 |

| Economic Development | Corner Restoration | Systems Development | Title III | Courthouse Security | O&C Reserve | Yamhill Emergency Communications District | Extension Service District | Totals |
|----------------------|--------------------|---------------------|------------------|---------------------|---------------------|---|----------------------------|---------------------|
| \$ 246,311 | \$ 677,751 | \$ 89,079 | \$ 30,836 | \$ 38,052 | \$ 1,079,440 | \$ 7,396 | \$ 45,503 | \$ 2,926,818 |
| - | - | - | - | 9 | - | 2,216 | 31,362 | 130,448 |
| - | - | - | - | - | - | - | - | 2,172 |
| - | 87,583 | - | - | - | - | - | - | 87,583 |
| <u>\$ 246,311</u> | <u>\$ 765,334</u> | <u>\$ 89,079</u> | <u>\$ 30,836</u> | <u>\$ 38,061</u> | <u>\$ 1,079,440</u> | <u>\$ 9,612</u> | <u>\$ 76,865</u> | <u>\$ 3,147,021</u> |
| \$ 2,554 | \$ 24,371 | \$ 4,688 | \$ 16 | \$ 3,518 | \$ 158 | \$ - | \$ - | \$ 102,617 |
| 254 | 2,669 | - | - | 3,820 | - | - | - | 17,235 |
| - | 20,814 | - | - | - | - | - | - | 25,433 |
| - | - | - | - | - | - | 1,588 | 24,250 | 34,028 |
| <u>2,808</u> | <u>47,854</u> | <u>4,688</u> | <u>16</u> | <u>7,338</u> | <u>158</u> | <u>1,588</u> | <u>24,250</u> | <u>179,313</u> |
| - | 87,583 | - | - | - | - | - | - | 87,583 |
| <u>243,503</u> | <u>629,897</u> | <u>84,391</u> | <u>30,820</u> | <u>30,723</u> | <u>1,079,282</u> | <u>8,024</u> | <u>52,615</u> | <u>2,880,125</u> |
| <u>243,503</u> | <u>717,480</u> | <u>84,391</u> | <u>30,820</u> | <u>30,723</u> | <u>1,079,282</u> | <u>8,024</u> | <u>52,615</u> | <u>2,967,708</u> |
| <u>\$ 246,311</u> | <u>\$ 765,334</u> | <u>\$ 89,079</u> | <u>\$ 30,836</u> | <u>\$ 38,061</u> | <u>\$ 1,079,440</u> | <u>\$ 9,612</u> | <u>\$ 76,865</u> | <u>\$ 3,147,021</u> |

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2010**

| | County Clerk's Records | Dog Control | Law Library | County School | Commission on Children and Families | County Fair | 911 Emergency System |
|---|------------------------------|-------------------|------------------|------------------|---|------------------|----------------------------|
| REVENUES | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, permits and fees | - | 259,334 | - | - | - | - | - |
| Intergovernmental | - | - | - | 135,231 | 622,820 | 42,962 | 242,091 |
| Charges for services | 16,882 | 22,685 | 92,681 | - | - | 326,462 | - |
| Fines and forfeitures | - | 15,287 | - | - | - | - | - |
| Interest | 1,384 | 3,575 | 367 | 69 | 976 | 43 | 414 |
| Other | - | 44,518 | 27 | 1,509 | 155 | 75,991 | - |
| TOTAL REVENUES | 18,266 | 345,399 | 93,075 | 136,809 | 623,951 | 445,458 | 242,505 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| General government | 24,774 | - | 94,506 | - | 315,110 | - | - |
| Public safety | - | 300,874 | - | - | - | - | 245,754 |
| Parks, culture, and recreation | - | - | - | - | - | 399,845 | - |
| Education | - | - | - | 136,917 | - | - | - |
| Capital outlay | - | - | - | - | - | 64,895 | - |
| TOTAL EXPENDITURES | 24,774 | 300,874 | 94,506 | 136,917 | 315,110 | 464,740 | 245,754 |
| Excess (deficiency) of revenues over expenditures | (6,508) | 44,525 | (1,431) | (108) | 308,841 | (19,282) | (3,249) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 5 | 35 | - | - | 1,505 | 47,000 | - |
| Transfers out | (295) | (31,443) | (6,037) | - | (255,796) | (83,946) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (290) | (31,408) | (6,037) | - | (254,291) | (36,946) | - |
| Net change in fund balances | (6,798) | 13,117 | (7,468) | (108) | 54,550 | (56,228) | (3,249) |
| Fund balances at beginning of year | 130,169 | 311,639 | 39,121 | 108 | 80,325 | 82,628 | 83,064 |
| Fund balances at end of year | <u>\$ 123,371</u> | <u>\$ 324,756</u> | <u>\$ 31,653</u> | <u>\$ -</u> | <u>\$ 134,875</u> | <u>\$ 26,400</u> | <u>\$ 79,815</u> |

| Economic Development | Corner Restoration | Systems Development | Title III | Courthouse Security | O&C Reserve | Yamhill Emergency Communications District | Extension Service District | Totals |
|-------------------------|-----------------------|------------------------|------------------|------------------------|---------------------|--|----------------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,414 | \$ 278,814 | \$ 280,228 |
| - | - | - | - | - | - | - | - | 259,334 |
| 224,454 | - | - | 91,941 | - | 150,494 | - | - | 1,509,993 |
| - | 148,390 | 20,262 | - | - | - | - | - | 627,362 |
| - | - | - | - | 62,107 | - | - | - | 77,394 |
| 3,144 | 8,236 | 982 | 678 | (889) | 10,836 | 80 | 983 | 30,878 |
| - | - | - | - | - | - | - | - | 122,200 |
| <u>227,598</u> | <u>156,626</u> | <u>21,244</u> | <u>92,619</u> | <u>61,218</u> | <u>161,330</u> | <u>1,494</u> | <u>279,797</u> | <u>2,907,389</u> |
| 44,561 | 286,240 | - | 13,994 | - | - | - | - | 779,185 |
| - | - | - | - | 183,456 | - | - | - | 730,084 |
| - | - | 19,960 | - | - | - | - | - | 419,805 |
| - | - | - | - | - | - | - | - | 136,917 |
| 2,800 | - | 5,116 | - | - | - | - | 255,005 | 327,816 |
| <u>47,361</u> | <u>286,240</u> | <u>25,076</u> | <u>13,994</u> | <u>183,456</u> | <u>-</u> | <u>-</u> | <u>255,005</u> | <u>2,393,807</u> |
| <u>180,237</u> | <u>(129,614)</u> | <u>(3,832)</u> | <u>78,625</u> | <u>(122,238)</u> | <u>161,330</u> | <u>1,494</u> | <u>24,792</u> | <u>513,582</u> |
| - | 6,560 | - | - | 132,544 | - | - | - | 187,649 |
| (209,501) | (10,590) | (1,321) | (80,404) | (5,205) | - | - | - | (684,538) |
| <u>(209,501)</u> | <u>(4,030)</u> | <u>(1,321)</u> | <u>(80,404)</u> | <u>127,339</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(496,889)</u> |
| (29,264) | (133,644) | (5,153) | (1,779) | 5,101 | 161,330 | 1,494 | 24,792 | 16,693 |
| <u>272,767</u> | <u>851,124</u> | <u>89,544</u> | <u>32,599</u> | <u>25,622</u> | <u>917,952</u> | <u>6,530</u> | <u>27,823</u> | <u>2,951,015</u> |
| <u>\$ 243,503</u> | <u>\$ 717,480</u> | <u>\$ 84,391</u> | <u>\$ 30,820</u> | <u>\$ 30,723</u> | <u>\$ 1,079,282</u> | <u>\$ 8,024</u> | <u>\$ 52,615</u> | <u>\$ 2,967,708</u> |

YAMHILL COUNTY
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
June 30, 2010

| | Bicycle and Footpath | Motor Vehicle Replacement | Totals |
|-----------------------------|----------------------------|---------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 335,280 | \$ 1,921,836 | \$ 2,257,116 |
| Receivables | 3,285 | 177 | 3,462 |
| TOTAL ASSETS | \$ 338,565 | \$ 1,922,013 | \$ 2,260,578 |
| <u>FUND BALANCES</u> | | | |
| Unreserved | \$ 338,565 | \$ 1,922,013 | \$ 2,260,578 |

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2010**

| | Bicycle and Footpath | Motor Vehicle Replacement | Totals |
|---|----------------------------|---------------------------------|--------------|
| REVENUES | | | |
| Intergovernmental | \$ 40,773 | \$ - | \$ 40,773 |
| Charges for services | - | 2,776 | 2,776 |
| Interest | 3,833 | 15,244 | 19,077 |
| Other | - | 620,309 | 620,309 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | 44,606 | 638,329 | 682,935 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | 8,076 | 8,076 |
| Public safety | 51,763 | - | 51,763 |
| Capital outlay | - | 685,645 | 685,645 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | 51,763 | 693,721 | 745,484 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | (7,157) | (55,392) | (62,549) |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 468,134 | 468,134 |
| Transfers out | (1,315) | (50,841) | (52,156) |
| | <hr/> | <hr/> | <hr/> |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,315) | 417,293 | 415,978 |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balances | (8,472) | 361,901 | 353,429 |
| Fund balances at beginning of year | 347,037 | 1,560,112 | 1,907,149 |
| | <hr/> | <hr/> | <hr/> |
| Fund balances at end of year | \$ 338,565 | \$ 1,922,013 | \$ 2,260,578 |
| | <hr/> | <hr/> | <hr/> |

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, 2010**

| | Budget | Actual | Variance |
|---|------------------|-------------------|------------------|
| REVENUES | | | |
| Charges for services | \$ 19,000 | \$ 16,882 | \$ (2,118) |
| Interest | 2,800 | 1,384 | (1,416) |
| TOTAL REVENUES | <u>21,800</u> | <u>18,266</u> | <u>(3,534)</u> |
| EXPENDITURES | | | |
| Personal services | 9,246 | - | 9,246 |
| Materials and services | 32,025 | 24,774 | 7,251 |
| Capital outlay | 20,000 | - | 20,000 |
| TOTAL EXPENDITURES | <u>61,271</u> | <u>24,774</u> | <u>36,497</u> |
| Excess (deficiency) of revenues over expenditures | <u>(39,471)</u> | <u>(6,508)</u> | <u>32,963</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 301 | 5 | (296) |
| Transfers out | (294) | (295) | (1) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>7</u> | <u>(290)</u> | <u>(297)</u> |
| Net change in fund balance | (39,464) | (6,798) | 32,666 |
| Fund balance at beginning of year | 135,400 | 130,169 | (5,231) |
| Fund balance at end of year | <u>\$ 95,936</u> | <u>\$ 123,371</u> | <u>\$ 27,435</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, 2010**

| | Budget | Actual | Variance |
|---|-------------------|-------------------|-------------------|
| REVENUES | | | |
| Licenses and permits | \$ 204,300 | \$ 259,334 | \$ 55,034 |
| Charges for services | 20,900 | 22,685 | 1,785 |
| Fines and penalties | 7,500 | 15,287 | 7,787 |
| Interest | 4,100 | 3,575 | (525) |
| Miscellaneous | 22,500 | 44,518 | 22,018 |
| TOTAL REVENUES | <u>259,300</u> | <u>345,399</u> | <u>86,099</u> |
| EXPENDITURES | | | |
| Personal services | 272,608 | 243,577 | 29,031 |
| Materials and services | 123,063 | 57,297 | 65,766 |
| TOTAL EXPENDITURES | <u>395,671</u> | <u>300,874</u> | <u>94,797</u> |
| Excess (deficiency) of revenues over expenditures | <u>(136,371)</u> | <u>44,525</u> | <u>180,896</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 35 | (35) |
| Transfers out | (34,318) | (31,443) | 2,875 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(34,318)</u> | <u>(31,408)</u> | <u>2,840</u> |
| Net change in fund balance | (170,689) | 13,117 | 183,736 |
| Fund balance at beginning of year | 271,050 | 311,639 | 40,589 |
| Fund balance at end of year | <u>\$ 100,361</u> | <u>\$ 324,756</u> | <u>\$ 224,325</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------|------------------|------------------|
| REVENUES | | | |
| Charges for services | \$ 88,020 | \$ 92,681 | \$ 4,661 |
| Interest | 750 | 367 | (383) |
| Miscellaneous | <u>40</u> | <u>27</u> | <u>(13)</u> |
| TOTAL REVENUES | <u>88,810</u> | <u>93,075</u> | <u>4,265</u> |
| EXPENDITURES | | | |
| Personal services | 14,837 | 14,656 | 181 |
| Materials and services | 91,220 | 79,850 | 11,370 |
| Contingency | <u>18,265</u> | <u>-</u> | <u>18,265</u> |
| TOTAL EXPENDITURES | <u>124,322</u> | <u>94,506</u> | <u>29,816</u> |
| Excess (deficiency) of revenues over expenditures | (35,512) | (1,431) | 34,081 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(6,488)</u> | <u>(6,037)</u> | <u>451</u> |
| Net change in fund balance | (42,000) | (7,468) | 34,532 |
| Fund balance at beginning of year | <u>42,000</u> | <u>39,121</u> | <u>(2,879)</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 31,653</u> | <u>\$ 31,653</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|-----------------|-----------------|-----------------|
| REVENUES | | | |
| Intergovernmental | \$ 140,000 | \$ 135,231 | \$ (4,769) |
| Interest | 250 | 69 | (181) |
| Miscellaneous | <u>2,500</u> | <u>1,509</u> | <u>(991)</u> |
| TOTAL REVENUES | 142,750 | 136,809 | (5,941) |
| EXPENDITURES | | | |
| Materials and services | <u>142,750</u> | <u>136,917</u> | <u>5,833</u> |
| Net change in fund balance | - | (108) | (108) |
| Fund balance at beginning of year | <u>-</u> | <u>108</u> | <u>108</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------|-------------------|------------------|
| REVENUES | | | |
| Intergovernmental | \$ 744,363 | \$ 622,820 | \$ (121,543) |
| Interest | 3,500 | 976 | (2,524) |
| Other | <u>-</u> | <u>155</u> | <u>155</u> |
| TOTAL REVENUES | <u>747,863</u> | <u>623,951</u> | <u>(123,912)</u> |
| EXPENDITURES | | | |
| Personal services | 154,718 | 188,589 | (33,871) |
| Materials and services | <u>332,067</u> | <u>126,521</u> | <u>205,546</u> |
| TOTAL EXPENDITURES | <u>486,785</u> | <u>315,110</u> | <u>171,675</u> |
| Excess (deficiency) of revenues over expenditures | <u>261,078</u> | <u>308,841</u> | <u>47,763</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,000 | 1,505 | (495) |
| Transfers out | <u>(281,311)</u> | <u>(255,796)</u> | <u>25,515</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(279,311)</u> | <u>(254,291)</u> | <u>25,020</u> |
| Net change in fund balance | (18,233) | 54,550 | 72,783 |
| Fund balance at beginning of year | <u>79,112</u> | <u>80,325</u> | <u>1,213</u> |
| Fund balance at end of year | <u>\$ 60,879</u> | <u>\$ 134,875</u> | <u>\$ 73,996</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-----------------|------------------|------------------|
| REVENUES | | | |
| Intergovernmental | \$ 39,500 | \$ 42,962 | \$ 3,462 |
| Charges for services | 294,704 | 326,462 | 31,758 |
| Interest | 1,000 | 43 | (957) |
| Other | <u>62,838</u> | <u>75,991</u> | <u>13,153</u> |
| TOTAL REVENUES | <u>398,042</u> | <u>445,458</u> | <u>47,416</u> |
| EXPENDITURES | | | |
| County Fair | | | |
| Materials and services | <u>199,789</u> | <u>199,183</u> | <u>606</u> |
| Fair Event Center | | | |
| Personal services | 54,678 | 52,081 | 2,597 |
| Materials and services | 140,063 | 148,581 | (8,518) |
| Capital outlay | <u>63,600</u> | <u>64,895</u> | <u>(1,295)</u> |
| Total Fair Event Center | <u>258,341</u> | <u>265,557</u> | <u>(7,216)</u> |
| TOTAL EXPENDITURES | <u>458,130</u> | <u>464,740</u> | <u>(6,610)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(60,088)</u> | <u>(19,282)</u> | <u>40,806</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 67,000 | 47,000 | (20,000) |
| Transfers out | <u>(89,216)</u> | <u>(83,946)</u> | <u>5,270</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(22,216)</u> | <u>(36,946)</u> | <u>(14,730)</u> |
| Net change in fund balance | (82,304) | (56,228) | 26,076 |
| Fund balance at beginning of year | <u>82,304</u> | <u>82,628</u> | <u>324</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 26,400</u> | <u>\$ 26,400</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|----------------|------------------|------------------|
| REVENUES | | | |
| Intergovernmental | \$ 250,000 | \$ 242,091 | \$ (7,909) |
| Interest | <u>500</u> | <u>414</u> | <u>(86)</u> |
| TOTAL REVENUES | 250,500 | 242,505 | (7,995) |
| EXPENDITURES | | | |
| Materials and services | <u>260,500</u> | <u>245,754</u> | <u>14,746</u> |
| Net change in fund balance | (10,000) | (3,249) | 6,751 |
| Fund balance at beginning of year | <u>10,000</u> | <u>83,064</u> | <u>73,064</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 79,815</u> | <u>\$ 79,815</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------|-------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | \$ 235,000 | \$ 224,454 | \$ (10,546) |
| Interest | <u>2,000</u> | <u>3,144</u> | <u>1,144</u> |
| TOTAL REVENUES | <u>237,000</u> | <u>227,598</u> | <u>(9,402)</u> |
| EXPENDITURES | | | |
| Materials and services | 256,599 | 44,561 | 212,038 |
| Capital outlay | <u>2,800</u> | <u>2,800</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>259,399</u> | <u>47,361</u> | <u>212,038</u> |
| Excess (deficiency) of revenues over expenditures | (22,399) | 180,237 | 202,636 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(205,601)</u> | <u>(209,501)</u> | <u>(3,900)</u> |
| Net change in fund balance | (228,000) | (29,264) | 198,736 |
| Fund balance at beginning of year | <u>228,000</u> | <u>272,767</u> | <u>44,767</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 243,503</u> | <u>\$ 243,503</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------|-------------------|------------------|
| REVENUES | | | |
| Charges for services | \$ 125,000 | \$ 148,390 | \$ 23,390 |
| Interest | <u>12,000</u> | <u>8,236</u> | <u>(3,764)</u> |
| TOTAL REVENUES | <u>137,000</u> | <u>156,626</u> | <u>19,626</u> |
| EXPENDITURES | | | |
| Personal services | 271,942 | 164,241 | 107,701 |
| Materials and services | 14,200 | 121,999 | (107,799) |
| Capital outlay | <u>91,000</u> | <u>-</u> | <u>91,000</u> |
| TOTAL EXPENDITURES | <u>377,142</u> | <u>286,240</u> | <u>90,902</u> |
| Excess (deficiency) of revenues over expenditures | <u>(240,142)</u> | <u>(129,614)</u> | <u>110,528</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 7,160 | 61,385 | 54,225 |
| Transfers out | <u>(15,439)</u> | <u>(10,590)</u> | <u>4,849</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(8,279)</u> | <u>50,795</u> | <u>59,074</u> |
| Net change in fund balance | (248,421) | (78,819) | 169,602 |
| Fund balance at beginning of year | 800,000 | 851,124 | 51,124 |
| Prior period adjustment | <u>-</u> | <u>(142,408)</u> | <u>(142,408)</u> |
| Fund balance at end of year | <u>\$ 551,579</u> | 629,897 | <u>\$ 78,318</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Advances to other funds | | <u>87,583</u> | |
| Fund balance at end of year | | <u>\$ 717,480</u> | |

YAMHILL COUNTY

**SYSTEMS DEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-----------------|------------------|------------------|
| REVENUES | | | |
| Charges for services | \$ 15,000 | \$ 20,262 | \$ 5,262 |
| Interest | <u>250</u> | <u>982</u> | <u>732</u> |
| TOTAL REVENUES | <u>15,250</u> | <u>21,244</u> | <u>5,994</u> |
| EXPENDITURES | | | |
| Non-departmental | | | |
| Materials and services | <u>750</u> | <u>737</u> | <u>13</u> |
| County Fair | | | |
| Materials and services | 22,000 | 7,137 | 14,863 |
| Capital outlay | <u>-</u> | <u>2,000</u> | <u>(2,000)</u> |
| Total County Fair | <u>22,000</u> | <u>9,137</u> | <u>12,863</u> |
| Parks | | | |
| Materials and services | <u>12,564</u> | <u>12,086</u> | <u>478</u> |
| Parks System Development | | | |
| Capital outlay | <u>71,000</u> | <u>3,116</u> | <u>67,884</u> |
| TOTAL EXPENDITURES | <u>106,314</u> | <u>25,076</u> | <u>81,238</u> |
| Excess (deficiency) of revenues over expenditures | (91,064) | (3,832) | 87,232 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(1,936)</u> | <u>(1,321)</u> | <u>615</u> |
| Net change in fund balance | (93,000) | (5,153) | 87,847 |
| Fund balance at beginning of year | <u>101,000</u> | <u>89,544</u> | <u>(11,456)</u> |
| Fund balance at end of year | <u>\$ 8,000</u> | <u>\$ 84,391</u> | <u>\$ 76,391</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------|----------------------|----------------------|
| REVENUES | | | |
| Intergovernmental | \$ 91,940 | \$ 91,941 | \$ 1 |
| Interest | <u>750</u> | <u>678</u> | <u>(72)</u> |
| TOTAL REVENUES | 92,690 | 92,619 | (71) |
| EXPENDITURES | | | |
| Materials and services | <u>12,070</u> | <u>13,994</u> | <u>(1,924)</u> |
| Excess (deficiency) of revenues over expenditures | 80,620 | 78,625 | (1,995) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(111,620)</u> | <u>(80,404)</u> | <u>31,216</u> |
| Net change in fund balance | (31,000) | (1,779) | 29,221 |
| Fund balance at beginning of year | <u>31,000</u> | <u>32,599</u> | <u>1,599</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 30,820</u> | <u>\$ 30,820</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------|------------------|------------------|
| REVENUES | | | |
| Fines and penalties | \$ 55,000 | \$ 62,107 | \$ 7,107 |
| Interest | <u>-</u> | <u>(889)</u> | <u>(889)</u> |
| TOTAL REVENUES | <u>55,000</u> | <u>61,218</u> | <u>6,218</u> |
| EXPENDITURES | | | |
| Personal services | 175,502 | 178,095 | (2,593) |
| Materials and services | <u>6,945</u> | <u>5,361</u> | <u>1,584</u> |
| TOTAL EXPENDITURES | <u>182,447</u> | <u>183,456</u> | <u>(1,009)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(127,447)</u> | <u>(122,238)</u> | <u>5,209</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 132,544 | 132,544 | - |
| Transfers out | <u>(5,097)</u> | <u>(5,205)</u> | <u>(108)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>127,447</u> | <u>127,339</u> | <u>(108)</u> |
| Net change in fund balance | - | 5,101 | 5,101 |
| Fund balance at beginning of year | <u>-</u> | <u>25,622</u> | <u>25,622</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 30,723</u> | <u>\$ 30,723</u> |

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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|------------------|-------------------------|-------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 149,701 | \$ 150,494 | \$ 793 |
| Interest | <u>10,000</u> | <u>10,836</u> | <u>836</u> |
| TOTAL REVENUES | 159,701 | 161,330 | 1,629 |
| EXPENDITURES | | | |
| Materials and services | <u>1,074,701</u> | <u>-</u> | <u>1,074,701</u> |
| Net change in fund balance | (915,000) | 161,330 | 1,076,330 |
| Fund balance at beginning of year | <u>915,000</u> | <u>917,952</u> | <u>2,952</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 1,079,282</u> | <u>\$ 1,079,282</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|---------------|-----------------|-----------------|
| REVENUES | | | |
| Property taxes | \$ - | \$ 1,414 | \$ 1,414 |
| Investment | - | 80 | 80 |
| TOTAL REVENUES | <u>-</u> | <u>1,494</u> | <u>1,494</u> |
| Net change in fund balance | - | 1,494 | 1,494 |
| Fund balance at beginning of year | <u>-</u> | <u>6,530</u> | <u>6,530</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Property taxes | \$ 266,487 | \$ 278,814 | \$ 12,327 |
| Interest | <u>1,000</u> | <u>983</u> | <u>(17)</u> |
| TOTAL REVENUES | <u>267,487</u> | <u>279,797</u> | <u>12,310</u> |
| EXPENDITURES | | | |
| Materials and services | 252,500 | 255,005 | (2,505) |
| Contingency | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| TOTAL EXPENDITURES | <u>267,500</u> | <u>255,005</u> | <u>12,495</u> |
| Net change in fund balance | (13) | 24,792 | 24,805 |
| Fund balance at beginning of year | <u>30,800</u> | <u>27,823</u> | <u>(2,977)</u> |
| Fund balance at end of year | <u>\$ 30,787</u> | <u>\$ 52,615</u> | <u>\$ 21,828</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-----------------|-----------------------|-----------------------|
| REVENUES | | | |
| Intergovernmental | \$ 41,545 | \$ 40,773 | \$ (772) |
| Interest | <u>7,000</u> | <u>3,833</u> | <u>(3,167)</u> |
| TOTAL REVENUES | 48,545 | 44,606 | (3,939) |
| EXPENDITURES | | | |
| Materials and services | <u>379,076</u> | <u>51,763</u> | <u>327,313</u> |
| Excess (deficiency) of revenues over expenditures | (330,531) | (7,157) | 323,374 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(1,547)</u> | <u>(1,315)</u> | <u>232</u> |
| Net change in fund balance | (332,078) | (8,472) | 323,606 |
| Fund balance at beginning of year | <u>332,078</u> | <u>347,037</u> | <u>14,959</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 338,565</u> | <u>\$ 338,565</u> |

YAMHILL COUNTY

**MOTOR VEHICLE REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|--------------------|---------------------|---------------------|
| REVENUES | | | |
| Charges for services | \$ 1,860 | \$ 2,776 | \$ 916 |
| Interest | 40,000 | 15,244 | (24,756) |
| Other | <u>596,000</u> | <u>620,309</u> | <u>24,309</u> |
| TOTAL REVENUES | <u>637,860</u> | <u>638,329</u> | <u>469</u> |
| EXPENDITURES | | | |
| Materials and services | 39,300 | 8,076 | 31,224 |
| Capital outlay | <u>2,314,798</u> | <u>685,645</u> | <u>1,629,153</u> |
| TOTAL EXPENDITURES | <u>2,354,098</u> | <u>693,721</u> | <u>1,660,377</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,716,238)</u> | <u>(55,392)</u> | <u>1,660,846</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 447,125 | 468,134 | 21,009 |
| Transfers out | <u>(75,000)</u> | <u>(50,841)</u> | <u>24,159</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>372,125</u> | <u>417,293</u> | <u>45,168</u> |
| Net change in fund balance | (1,344,113) | 361,901 | 1,706,014 |
| Fund balance at beginning of year | <u>1,622,672</u> | <u>1,560,112</u> | <u>(62,560)</u> |
| Fund balance at end of year | <u>\$ 278,559</u> | <u>\$ 1,922,013</u> | <u>\$ 1,643,454</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------|---------------|-----------------|
| REVENUES | | | |
| Charges for services | \$ 42,000 | \$ 47,784 | \$ 5,784 |
| Interest | - | 1,080 | 1,080 |
| Miscellaneous | - | 76 | 76 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | 42,000 | 48,940 | 6,940 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Personal services | 5,433 | 5,347 | 86 |
| Materials and services | 22,750 | 26,298 | (3,548) |
| Capital outlay | 4,500 | 5,499 | (999) |
| Contingency | 70,964 | - | 70,964 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | 103,647 | 37,144 | 66,503 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | (61,647) | 11,796 | 73,443 |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (26,953) | (29,160) | (2,207) |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balance | (88,600) | (17,364) | 71,236 |
| Fund balance at beginning of year | 88,600 | 98,713 | 10,113 |
| | <hr/> | <hr/> | <hr/> |
| Fund balance at end of year | \$ - | 81,349 | \$ 81,349 |
| | <hr/> | <hr/> | <hr/> |
| Reconciliation to generally accepted accounting principles | | | |
| Capital assets, net | | 83,580 | |
| | | <hr/> | |
| Net assets at end of year | | \$ 164,929 | |
| | | <hr/> | |

YAMHILL COUNTY

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2010**

| | <u>Telecommunications</u> | <u>Self-Insurance</u> | <u>Totals</u> |
|---|---------------------------|-----------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 550,268 | \$ 2,056,565 | \$ 2,606,833 |
| Receivables | <u>17,336</u> | <u>-</u> | <u>17,336</u> |
| TOTAL ASSETS | <u>567,604</u> | <u>2,056,565</u> | <u>2,624,169</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued expenditures | 29,546 | 12,498 | 42,044 |
| Payroll and related liabilities | 2,466 | - | 2,466 |
| Compensated absences | <u>9,328</u> | <u>-</u> | <u>9,328</u> |
| TOTAL LIABILITIES | <u>41,340</u> | <u>12,498</u> | <u>53,838</u> |
| <u>NET ASSETS</u> | | | |
| Unrestricted | <u>\$ 526,264</u> | <u>\$ 2,044,067</u> | <u>\$ 2,570,331</u> |

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

| | <u>Telecommunications</u> | <u>Self-Insurance</u> | <u>Totals</u> |
|---|---------------------------|-----------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ - | \$ 1,690,533 | \$ 1,690,533 |
| Other | <u>129,453</u> | <u>28,839</u> | <u>158,292</u> |
| TOTAL OPERATING REVENUES | <u>129,453</u> | <u>1,719,372</u> | <u>1,848,825</u> |
| OPERATING EXPENSES | | | |
| Personal services | 153,211 | 450,406 | 603,617 |
| Materials and services | <u>277,458</u> | <u>905,138</u> | <u>1,182,596</u> |
| TOTAL OPERATING EXPENSES | <u>430,669</u> | <u>1,355,544</u> | <u>1,786,213</u> |
| Operating income (loss) | (301,216) | 363,828 | 62,612 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | <u>5,647</u> | <u>12,908</u> | <u>18,555</u> |
| Income (loss) before transfers | <u>(295,569)</u> | <u>376,736</u> | <u>81,167</u> |
| TRANSFERS | | | |
| Transfers in | 336,096 | 453,132 | 789,228 |
| Transfers out | <u>(19,966)</u> | <u>(153,099)</u> | <u>(173,065)</u> |
| TOTAL TRANSFERS | <u>316,130</u> | <u>300,033</u> | <u>616,163</u> |
| Change in net assets | 20,561 | 676,769 | 697,330 |
| Net assets-beginning of year | <u>505,703</u> | <u>1,367,298</u> | <u>1,873,001</u> |
| Net assets-end of year | <u>\$ 526,264</u> | <u>\$ 2,044,067</u> | <u>\$ 2,570,331</u> |

YAMHILL COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

| | <u>Telecommunications</u> | <u>Self-Insurance</u> | <u>Totals</u> |
|---|---------------------------|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from interfund services provided | \$ - | \$ 1,690,703 | \$ 1,690,703 |
| Other receipts from services provided | 123,974 | 48,923 | 172,897 |
| Payments to suppliers of goods or services | (254,757) | (907,980) | (1,162,737) |
| Payments to employees for services | <u>(151,008)</u> | <u>(450,406)</u> | <u>(601,414)</u> |
| Net cash provided by (used in) operating activities | <u>(281,791)</u> | <u>381,240</u> | <u>99,449</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | 336,096 | 453,132 | 789,228 |
| Transfers out | <u>(19,966)</u> | <u>(153,099)</u> | <u>(173,065)</u> |
| Net cash provided by noncapital financing activities | <u>316,130</u> | <u>300,033</u> | <u>616,163</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on investments | <u>5,647</u> | <u>12,908</u> | <u>18,555</u> |
| Net increase in cash and cash equivalents | 39,986 | 694,181 | 734,167 |
| Cash and cash equivalents-beginning of year | <u>510,282</u> | <u>1,362,384</u> | <u>1,872,666</u> |
| Cash and cash equivalents-end of year | <u>\$ 550,268</u> | <u>\$ 2,056,565</u> | <u>\$ 2,606,833</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ (301,216) | \$ 363,828 | \$ 62,612 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | |
| (Increase) decrease in assets: | | | |
| Receivables | (5,479) | 170 | (5,309) |
| Due from other funds | - | 20,084 | 20,084 |
| Increase (decrease) in liabilities: | | | |
| Accounts payable and accrued expenses | 22,701 | (2,842) | 19,859 |
| Payroll and related liabilities | 1,743 | - | 1,743 |
| Compensated absences | <u>460</u> | <u>-</u> | <u>460</u> |
| Net cash provided by (used in) operating activities | <u>\$ (281,791)</u> | <u>\$ 381,240</u> | <u>\$ 99,449</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-------------------|-------------------|-------------------|
| REVENUES | | | |
| Interest | \$ 6,000 | \$ 5,647 | \$ (353) |
| Other | <u>111,057</u> | <u>128,713</u> | <u>17,656</u> |
| TOTAL REVENUES | <u>117,057</u> | <u>134,360</u> | <u>17,303</u> |
| EXPENDITURES | | | |
| Personal services | 142,900 | 152,751 | (9,851) |
| Materials and services | <u>316,950</u> | <u>277,458</u> | <u>39,492</u> |
| TOTAL EXPENDITURES | <u>459,850</u> | <u>430,209</u> | <u>29,641</u> |
| Excess (deficiency) of revenues over expenditures | <u>(342,793)</u> | <u>(295,849)</u> | <u>46,944</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 269,317 | 336,836 | 67,519 |
| Transfers out | <u>(16,524)</u> | <u>(19,966)</u> | <u>(3,442)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>252,793</u> | <u>316,870</u> | <u>64,077</u> |
| Net change in fund balance | (90,000) | 21,021 | 111,021 |
| Fund balance at beginning of year | <u>420,000</u> | <u>514,571</u> | <u>94,571</u> |
| Fund balance at end of year | <u>\$ 330,000</u> | 535,592 | <u>\$ 205,592</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Compensated absences | | <u>(9,328)</u> | |
| Net assets at end of year | | <u>\$ 526,264</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, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|---------------------|---------------------|-------------------|
| REVENUES | | | |
| Charges for services | \$ 1,610,914 | \$ 1,690,533 | \$ 79,619 |
| Interest | 12,000 | 12,908 | 908 |
| Other | <u>-</u> | <u>28,839</u> | <u>28,839</u> |
| TOTAL REVENUES | <u>1,622,914</u> | <u>1,732,280</u> | <u>109,366</u> |
| EXPENDITURES | | | |
| Personal services | 525,000 | 450,406 | 74,594 |
| Materials and services | 1,079,108 | 905,138 | 173,970 |
| Contingency | <u>162,500</u> | <u>-</u> | <u>162,500</u> |
| TOTAL EXPENDITURES | <u>1,766,608</u> | <u>1,355,544</u> | <u>411,064</u> |
| Excess (deficiency) of revenues over expenditures | <u>(143,694)</u> | <u>376,736</u> | <u>520,430</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 411,427 | 473,216 | 61,789 |
| Transfers out | <u>(158,195)</u> | <u>(153,099)</u> | <u>5,096</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>253,232</u> | <u>320,117</u> | <u>66,885</u> |
| Net change in fund balance | 109,538 | 696,853 | 587,315 |
| Fund balance at beginning of year | 1,492,000 | 1,367,298 | (124,702) |
| Prior period adjustment | <u>-</u> | <u>(20,084)</u> | <u>(20,084)</u> |
| Fund balance at end of year | <u>\$ 1,601,538</u> | <u>\$ 2,044,067</u> | <u>\$ 442,529</u> |

YAMHILL COUNTY

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2010**

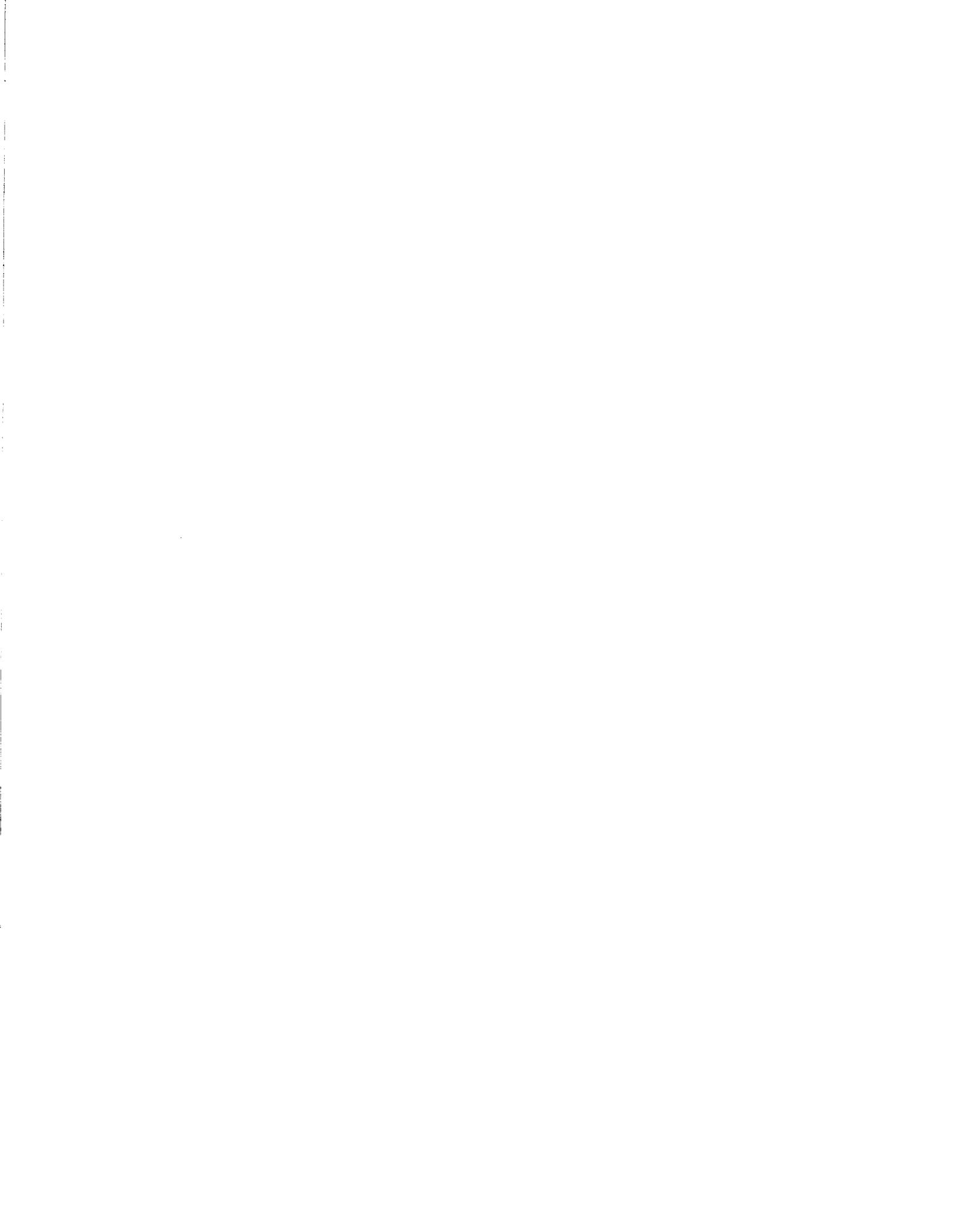
| | Balance June 30, 2009 | Additions | Deductions | Balance June 30, 2010 |
|---|--------------------------|-----------------------|-----------------------|--------------------------|
| <u>Unsegregated Tax and Interest</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 1,959,898 | \$ 87,123,216 | \$ 86,633,735 | \$ 2,449,379 |
| Property taxes receivable | <u>5,992,607</u> | <u>99,043,628</u> | <u>97,735,644</u> | <u>7,300,591</u> |
| Total assets | <u>\$ 7,952,505</u> | <u>\$ 186,166,844</u> | <u>\$ 184,369,379</u> | <u>\$ 9,749,970</u> |
| Liabilities | | | | |
| Intergovernmental payables | <u>\$ 7,952,505</u> | <u>\$ 253,032,197</u> | <u>\$ 251,234,732</u> | <u>\$ 9,749,970</u> |
| <u>Holding Trust</u> | | | | |
| Assets | | | | |
| Cash and investments | <u>\$ 150,306</u> | <u>\$ 4,583</u> | <u>\$ 45,619</u> | <u>\$ 109,270</u> |
| Liabilities | | | | |
| Amounts held in trust | <u>\$ 150,306</u> | <u>\$ 5,008</u> | <u>\$ 46,044</u> | <u>\$ 109,270</u> |
| <u>Assessment and Mapping</u> | | | | |
| Assets | | | | |
| Cash and investments | <u>\$ 153,889</u> | <u>\$ 670,066</u> | <u>\$ 821,650</u> | <u>\$ 2,305</u> |
| Liabilities | | | | |
| Intergovernmental payables | <u>\$ 153,889</u> | <u>\$ 1,339,292</u> | <u>\$ 1,490,876</u> | <u>\$ 2,305</u> |
| <u>Total-All Agency</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 2,264,093 | \$ 87,797,865 | \$ 87,501,004 | \$ 2,560,954 |
| Property taxes receivable | <u>5,992,607</u> | <u>99,043,628</u> | <u>97,735,644</u> | <u>7,300,591</u> |
| Total assets | <u>\$ 8,256,700</u> | <u>\$ 186,841,493</u> | <u>\$ 185,236,648</u> | <u>\$ 9,861,545</u> |
| Liabilities | | | | |
| Intergovernmental payables | \$ 8,106,394 | \$ 254,371,489 | \$ 252,725,608 | \$ 9,752,275 |
| Amounts held in trust | <u>150,306</u> | <u>5,008</u> | <u>46,044</u> | <u>109,270</u> |
| Total liabilities | <u>\$ 8,256,700</u> | <u>\$ 254,376,497</u> | <u>\$ 252,771,652</u> | <u>\$ 9,861,545</u> |

YAMHILL COUNTY

SCHEDULE OF CASH RECEIPTS FOR ELECTED OFFICIALS AGENCY FUND For the Year Ended June 30, 2010

| Official | Classification of Cash and Cash Equivalents | | | | | | | | | | |
|-------------------|---|----------------------|--------------------------------|---------------------|---------------------------------|------------------|-------------------|------------------------|-----------------------------|----------------------|--------|
| | Total Cash and Cash Equivalents | | | | Total Cash and Cash Equivalents | | | | Local Government Investment | | Totals |
| | June 30, 2009 | Cash Receipts | Cash Disbursements and Refunds | Turned to Treasurer | June 30, 2010 | Cash on Hand | Checking | Unsegregated Tax Accts | Pool | | |
| Assessor | \$ 350 | \$ 11,835 | \$ - | \$ 11,835 | \$ 350 | \$ 350 | \$ - | \$ - | \$ - | \$ 350 | |
| Clerk | 1,100 | 1,151,287 | - | 1,151,287 | 1,100 | 1,100 | - | - | - | 1,100 | |
| Commissioners | 4,600 | 14,048 | - | 14,048 | 4,600 | 4,600 | - | - | - | 4,600 | |
| District Attorney | 1,000 | 341,838 | - | 341,838 | 1,000 | 1,000 | - | - | - | 1,000 | |
| Sheriff | 1,010 | 1,576,642 | - | 1,576,642 | 1,010 | 1,010 | - | - | - | 1,010 | |
| Surveyor | 100 | 22,427 | - | 22,427 | 100 | 100 | - | - | - | 100 | |
| Treasurer | 23,903,446 | 50,101,090 | 49,512,801 | - | 24,491,735 | 2,139 | 782,945 | 2,176,978 | 21,526,297 | 24,491,735 | |
| | <u>\$ 23,911,606</u> | <u>\$ 53,219,167</u> | <u>\$ 49,512,801</u> | <u>\$ 3,118,077</u> | <u>\$ 24,499,895</u> | <u>\$ 10,299</u> | <u>\$ 782,945</u> | <u>\$ 2,176,978</u> | <u>\$ 21,526,297</u> | <u>\$ 24,499,895</u> | |

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



YAMHILL COUNTY

INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS For the Year Ended June 30, 2010

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, 2010, and have issued our report thereon dated January 14, 2011. 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 | | | |
| Assessor | \$ 1,469,595 | \$ 1,570,459 | \$ (100,864) |
| County Fair | | | |
| Fair event center | 256,361 | 264,670 | (8,309) |
| Title III | | | |
| Materials and services | 12,070 | 13,994 | (1,924) |
| Extension Service District | | | |
| Materials and services | 252,500 | 255,005 | (2,505) |
| Cove Orchard Service District | | | |
| Materials and services | 22,750 | 26,298 | (3,548) |
| Capital outlay | 4,500 | 5,499 | (999) |

B. Additionally, the resolutions making appropriations for the years ended June 30, 2010 and 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.

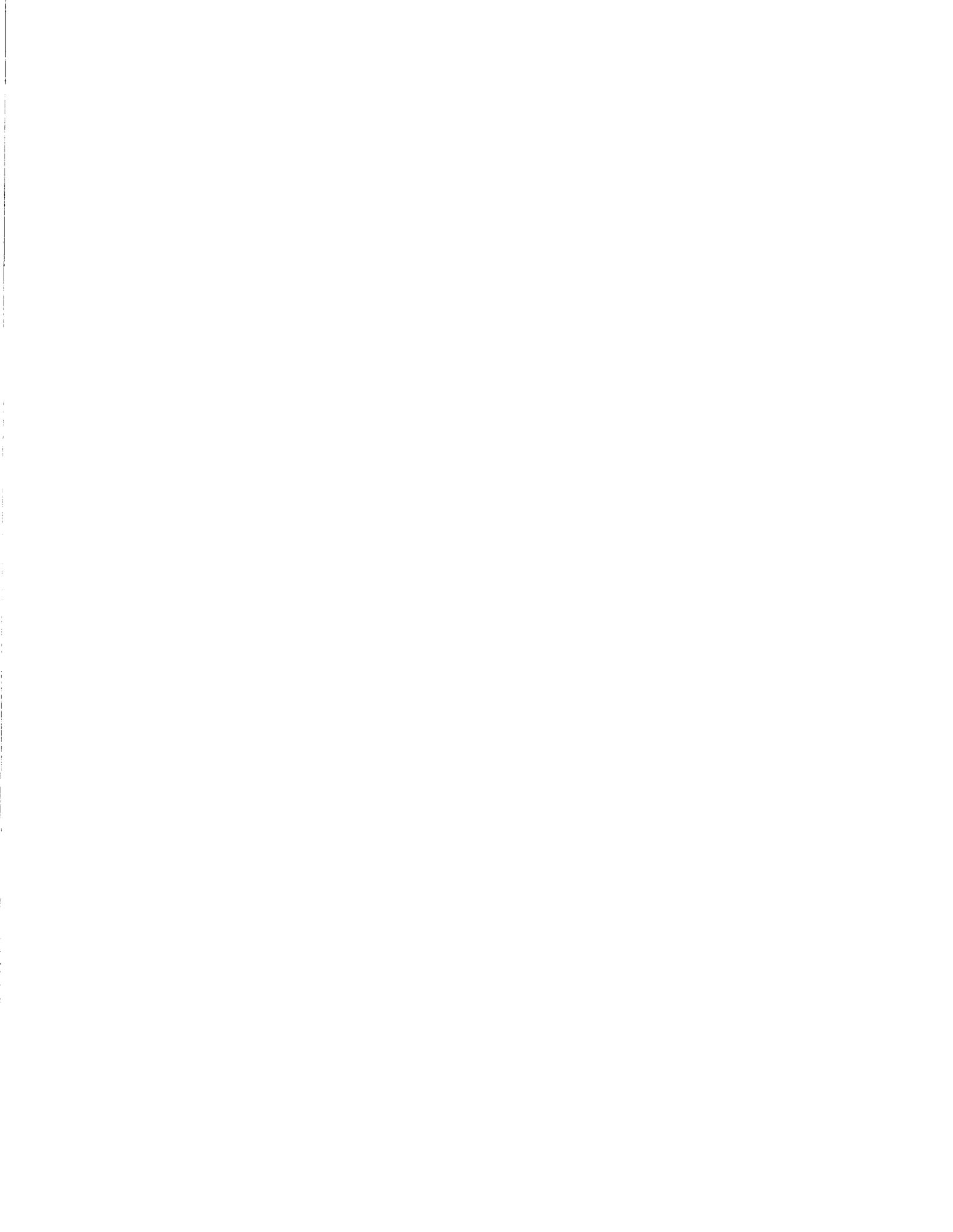
Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

January 14, 2011

GRANT COMPLIANCE – SINGLE AUDIT



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

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 there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2010-1 through 2010-4 that we consider to be significant deficiencies in internal control over financial reporting. 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.

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)**

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 14, 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**

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, 2010. 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, 2010.

Board of County Commissioners
YAMHILL COUNTY
Yamhill, Oregon

**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 14, 2011

YAMHILL COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

CFDA Number(s)

Name of Federal Program or Cluster

| | |
|--------|--|
| 11.555 | Public Safety Interoperable Community Grant Program |
| 20.509 | Formula Grants for Other Than Urbanized Areas |
| 93.069 | Public Health Emergency Preparedness and Communicable Disease Response Program |
| 93.563 | Child Support Enforcement |

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

Significant Deficiency:

2010-1 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.

2010-2 Bank reconciliations

- Criteria:** Timely reconciliation of bank accounts to the general ledger is an essential part of internal controls to safe guard assets and detects and corrects misstatements.
- Condition:** Timely reconciliations of bank accounts are not performed.
- Cause:** Staff assigned to perform the reconciliation do not have sufficient time or resources to complete the task.
- Effect:** Misstatements, caused by error or fraud, could occur and not be detected and corrected in a timely manner.
- Recommendation:** All bank account balances should be reconciled to the general ledger on a monthly basis.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings (continued)

2010-3 Interfund transfers

- Criteria: Accounting records should provide sufficient detail for management purpose but should avoid unnecessary complexity which could make it difficult to detect and correct misstatements.
- Condition: Interfund transfers are currently recorded through the accounts payable module which causes unnecessary entries to the general ledger.
- Cause: Current practice is to use the accounts payable to effect transfers.
- Effect: Unnecessary accounting entries are made to the general ledger.
- Recommendation: Alternatives to using the accounts payable module to effect transfers should be investigated

2010-4 Physical security over cash

- Criteria: Physical security over undeposited cash should be maintained to safeguard assets.
- Condition: All accounting staff have keys to the Treasurer's office where undeposited cash will be kept.
- Cause: Treasurer's office is keyed the same as other offices.
- Effect: Physical security over undeposited cash is not maintained.
- Recommendation: The Treasurer's office should be keyed differently from all other doors

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, 2010**

| <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> |
|--|------------------------------------|---|---------------------------------|
| <hr/> <i>Department of Agriculture</i> <hr/> | | | |
| Food and Nutrition Service | | | |
| <i>Passed through Oregon State Health Division</i> | | | |
| National School Lunch Program | 10.555 | | \$ 22,404 |
| Forest Service | | | |
| <i>Passed through Oregon Department of Administrative Services</i> | | | |
| Schools and Roads - Grants to States | 10.665 | | <u>585,471</u> |
| Total Department of Agriculture | | | <u>607,875</u> |
| <hr/> <i>Department of Commerce</i> <hr/> | | | |
| <i>Passed through Oregon Military Department</i> | | | |
| Public Safety Interoperable Communications Grant Program | 11.555 | | <u>479,448</u> |
| <hr/> <i>Department of Housing and Urban Development</i> <hr/> | | | |
| Office of Community Planning and Development | | | |
| <i>Passed through Oregon Economic and Community Development Department</i> | | | |
| Community Development Block Grant | 14.228 | | <u>60,590</u> |
| <hr/> <i>Department of the Interior</i> <hr/> | | | |
| Bureau of Land Management | | | |
| Payments in Lieu of Taxes | 15.226 | | 19,383 |
| Distribution of Receipts to State and Local Governments | 15.227 | | <u>622,888</u> |
| Total Department of the Interior | | | <u>642,271</u> |
| <hr/> <i>Department of Justice</i> <hr/> | | | |
| Office of Juvenile Justice and Delinquency Prevention | | | |
| <i>Passed through Oregon State Criminal Justice Services Division</i> | | | |
| Juvenile Accountability Block Grant | 16.523 | | 37,931 |
| <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 | 48,183 |
| Bureau of Justice Assistance | | | |
| State Criminal Alien Assistance Program | 16.606 | | 45,083 |
| Bulletproof Vest Partnership Program | 16.607 | | 6,062 |
| <i>Passed through Oregon State Criminal Justice Division</i> | | | |
| Recovery Act - Edward Byrne Memorial Competitive Grant | 16.808 | | 130,796 |
| 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>33,750</u> |
| Total Department of Justice | | | <u>313,805</u> |
| <hr/> <i>Department of Transportation</i> <hr/> | | | |
| Federal Transit Administration | | | |
| <i>Passed through Oregon Department of Transportation</i> | | | |
| Formula Grants for Other Than Urbanized Areas | 20.509 | | 505,079 |
| | | ARRA | 1,060,213 |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | | 114,081 |
| Job Access Reverse Commute | 20.516 | | 34,850 |
| New Freedom Program | 20.521 | | 23,762 |

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> |
|--|------------------------------------|---|---------------------------------|
| National Highway Traffic Safety Administration | | | |
| <i>Passed through Oregon State Sheriffs' Association</i> | | | |
| State and Community Highway Safety | 20.600 | | \$ 19,259 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | | <u>19,250</u> |
| Total Department of Transportation | | | <u>1,776,494</u> |
| <hr/> <i>Environmental Protection Agency</i> <hr/> | | | |
| Office of Water | | | |
| <i>Passed through Oregon Department of Human Services</i> | | | |
| State Public Water System Supervision | 66.432 | | 13,773 |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | | <u>4,292</u> |
| Total Environmental Protection Agency | | | <u>18,065</u> |
| <hr/> <i>Department of Education</i> <hr/> | | | |
| Office of Special Education and Rehabilitative Services | | | |
| <i>Passed through Oregon State Department of Administrative Services</i> | | | |
| Vocational Rehabilitation Grants to States, Recovery Act | 84.390 | | 6,023 |
| 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> |
| Total Department of Education | | | <u>30,434</u> |
| <hr/> <i>Department of Health and Human Services</i> <hr/> | | | |
| 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 | | 5,900 |
| Office of Population Affairs | | | |
| <i>Passed through Oregon Department of Human Services</i> | | | |
| <i>Service Division</i> | | | |
| Family Planning Services | 93.217 | | 40,701 |
| Administration for Children and Families | | | |
| <i>Passed through Oregon Commission on Children and Families</i> | | | |
| Promoting Safe and Stable Families | 93.556 | | 16,793 |
| <i>Passed through Oregon State Adult and Family Services Division</i> | | | |
| Child Support Enforcement | 93.563 | | 168,411 |
| | | ARRA | 123,007 |
| <i>Passed through Oregon Commission on Children and Families</i> | | | |
| Social Services Block Grant | 93.667 | | 6,757 |
| Centers for Medicare and Medicaid Services | | | |
| <i>Passed through Oregon Commission on Children and Families</i> | | | |
| Medical Assistance Program | 93.778 | | 22,655 |
| <i>Passed through Oregon Department of Human Services</i> | | | |
| Medical Assistance Program | 93.778 | ARRA | 117,470 |

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> |
|---|------------------------------------|---|---------------------------------|
| 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 |
| Immunization Grant | 93.268 | | 184,973 |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | 93.283 | | 44,922 |
| HIV Prevention Activities Health Department Based | 93.940 | | 25,154 |
| <i>Passed through Oregon Department of Human Services</i> | | | |
| Public Health Emergency Preparedness | 93.069 | | 513,529 |
| 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 | | 3,500 |
| Health Resources and Services Administration | | | |
| <i>Passed through Oregon Department of Human Services</i> | | | |
| <i>Service Division</i> | | | |
| Abstinence Education | 93.235 | | 1,072 |
| Maternal and Child Health Services Block Grant | 93.994 | | 40,717 |
| Substance Abuse and Mental Health Services Administration | | | |
| Substance Abuse and Mental Health Services - | | | |
| Projects of Regional and National Significance | 93.243 | | 3,599 |
| <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 | | <u>282,856</u> |
| Total Department of Health and Human Services | | | <u>1,720,635</u> |
| <u>Social Security Administration</u> | | | |
| Social Security - Work Incentives - Planning and Assistance Program | 96.008 | | <u>7,200</u> |
| <u>Department of Homeland Security</u> | | | |
| <i>Passed through Oregon State Police Office of Emergency Management</i> | | | |
| Public Assistance Grants | 97.036 | | 207,924 |
| Emergency Management Performance Grants | 97.042 | | 42,602 |
| Citizens Corp | 97.053 | | 9,394 |
| State Homeland Security Grant | 97.073 | | 58,351 |
| Law Enforcement Terrorism Prevention Program | 97.074 | | <u>108,562</u> |
| Total Department of Homeland Security | | | <u>426,833</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 6,083,650</u> |

YAMHILL COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2010

1. 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.

2. Non-cash Federal Awards

The County received \$183,773 and \$163,947 in non-cash federal awards under CFDA 93.268 and 93.069, respectively.