

**YAMHILL COUNTY, OREGON**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL**  
**INFORMATION**  
**YEAR ENDED JUNE 30, 2006**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

RECEIVED IN CLERK'S OFFICE

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# YAMHILL COUNTY, OREGON

Year ended June 30, 2006

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# YAMHILL COUNTY, OREGON

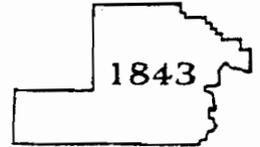
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**INTRODUCTORY SECTION**

# Yamhill County



## DEPARTMENT OF ADMINISTRATIVE SERVICES

COURTHOUSE • 535 N.E. 5<sup>TH</sup> St • McMinnville, OR 97128-4523 • (503) 434-7501 • FAX (503) 434-7553

July 1, 2006

Citizens of Yamhill County  
Board of Commissioners:

State law requires that all general-purpose local governments publish within six months, unless granted an extension, of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Yamhill County for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of Yamhill County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Yamhill County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Yamhill County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Yamhill County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Yamhill County's financial statements have been audited by Isler CPA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Yamhill County for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Yamhill County's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Yamhill County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are reported as a separate section in this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Yamhill County's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Yamhill County is located in the Willamette Valley southwest of the City of Portland. It was established in 1843 as one of the original four districts in Oregon. Yamhill County's current boundaries, incorporating 718 square miles, were established in 1860. The southwestern end of the County is still primarily a rural area, but the northeastern section is now thought of as a "bedroom community" of the Portland Metropolitan area, causing it to have a more suburban characteristic.

Yamhill County is a General Law county, which means that it operates under the general laws the State of Oregon has established for operations of a county. There are 3 full time commissioners and an appointed administrator. The Board of Commissioners is the policy making authority for the county and is responsible for passing ordinances, adopting the budget, appointing committees and hiring both the administrator and attorney. The administrator is responsible for carrying out the policies and ordinances of the commissioners and for overseeing the day-to-day operations of the county. There is also an elected Clerk, Treasurer, Assessor, Surveyor, Sheriff and District Attorney. All elected officials serve 4-year terms and are limited by county ordinance to 3 terms.

The County provides a full range of services. These services include property assessment, recording of legal instruments, issuing passports and marriage licenses, prosecution of crimes, tax collection and distribution to districts, sheriff protection, incarceration of prisoners, parole and probation services, mental and public health services, animal control, land use planning, maintenance of county roads and infrastructure, coordination of public transportation, veteran's services information, parks and a county fair.

The annual budget serves as the foundation for Yamhill County's financial planning and control. Yamhill County groups all departments into five Service Teams based on the services they provide. The Service Teams are Public Safety, Land Use and Transportation, Health and Human Services, General Government and Non-departmental. Each Service Team develops a proposed budget for each of their departments based on expected revenues, community needs and how best to deliver these services with these dollars. The County Administrator develops these proposed budgets into Yamhill County's balanced proposed budget for the Board of Commissioners. The Commissioners then propose this budget to the Budget Committee where open public hearings are held to discuss the budget. The Budget Committee consists of the three elected county commissioners and an equal number of private citizens appointed by consensus of the board. The Budget Committee then approves the budget, which is sent to the Board of Commissioners for final adoption by June 30, the close of Yamhill County's fiscal year.

Department heads may make transfers of appropriations within a department, but transfers of appropriations between departments require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Yamhill County operates.

**Local Economy.** The expansion of the Portland Metro area has pushed into the northeastern side of the county. This has brought the advent of several new strip shopping areas and the opening of some regional and national chain stores. Although the county does not administer the schools, several of the school districts have passed capital bond issues in the past couple years. The county does collect property taxes for all districts in the county, deposits them into an interest bearing account and distributes them to each district based on an annual pro-rata scale. Yamhill County Government is developing long-range plans for transportation, water, land-use, criminal justice and human services.

The wine industry continues to grow in the county, with 108 wineries located within the county. This past year Chateau St Michelle, a division of US Tobacco, purchased a winery in the county. This is the first entry of a large international firm into the local wine market. The success of the wine industry has led to an increase in the tourist industry with several hotels, new restaurants and bed-and-breakfasts opening. Two small luxury hotels with conference centers to be built in the county are currently in the planning stages.

Yamhill County is also home to an aircraft museum where the main attraction is Howard Hughes' Spruce Goose. An IMAX theatre to be affiliated with the air museum is in its final stages of construction. Numerous cottage businesses that are associated with art and local food products flourish in the County.

Agriculture is still a large industry in the county with wheat and barley, nuts, horticulture crops, wine grapes and dairy products as the major products. Yamhill County is the major supplier of filberts in the United States. Other industries in the county include a steel rolling mill, an electronics manufacturing firm, a state-of-the-art paper mill, a manufacturer of dental equipment, a national cookie manufacturer and an international airline and helicopter company. A federal medium security prison is located in the more rural western side of the county.

A large, new hospital in the eastern half of the county opened this year, to serve the growing population in that area. Another sign of the growing metropolitan influence is the opening of the first nine holes of a public golf course last year and with the second nine holes opening in the coming year.

The local economy has continued to strengthen over the past year. The county has an unemployment rate of 5.0% down from 6.3% last year.

**Financial Planning.** Oregon's economy has also continued to improve over the past year. This has resulted in the state not having to cut further into many of our programs, especially in Health and Human Services.

Although the jail continues to obtain a portion of its revenue from renting bed space to other Oregon counties and the Federal Government, they are on track with a plan that will end dependence on this revenue.

This year was the mid-year for a large multi-year grant from the state to replace six bridges in the county. Work is progressing well on this project, however the large increase in the cost of petroleum based products has impacted the project and may cause some reevaluation.

The Board of Commissioners has made the decision to keep the location of the county government in the central downtown area of McMinnville, the county seat. They have purchased most of the properties on the blocks surrounding the Courthouse to plan for future expansion. To accommodate this, the county is currently undertaking some large remodeling and retrofitting projects to make them suitable for County departments to occupy these buildings. The old McMinnville Post Office has been refurbished to house the County Clerk. At the beginning of the new fiscal year the Board of Commissioners, County Administrator, Human Resources and

County Counsel will be moving into a historic older home across from the Courthouse and adjacent to the Clerk's office. The Courthouse will be configured to provide an additional courtroom and new offices for the District Attorney and his staff. The Assessor, Treasurer, Sheriff and Finance will remain in the Courthouse. The Planning Department was renting space in the vicinity, but has now moved into a recently purchased building on the same block as the Commissioners' and Clerk's offices.

Last year an older commercial facility in the vicinity of the Courthouse was renovated and remodeled to house the Family and Youth Division of the Health and Human Services Department. The county has also received a Community Development Block Grant to construct a new building for additional Health and Human Services programs. Work on this will begin in the fall of 2006

**Debt Administration.** Yamhill County had no general obligation bonds outstanding at June 30, 2006, but had a Full Faith and Credit bond with an outstanding balance on June 30, 2006, of \$1,335,000. Yamhill County has maintained an A rating from Moody's Investor Services on prior general obligation bond issues.

**Cash Management.** Oregon State Laws have restrictions on the types of investments that are allowed by public entities and Yamhill County strictly adheres to these limits. Yamhill County has an Investment Advisory Board consisting of one County Commissioner, The Administrative Services Manager, the County Treasurer, the Financial Services Manager and two appointments that are not employees of the County. Their objective is to analyze the county's cash flows and needs and find acceptable investment opportunities for our funds.

Cash that may be needed on a short term basis to meet current needs is invested in the Oregon State Investment Pool. The average annual yield on investment was 4.01%. This alternative provides a safe and liquid investment for the County's money. All interest earned on investments is distributed to each fund on an "as earned" basis by the balance in that fund.

**Risk Management.** Yamhill County seeks to control insurance costs by negotiating with several agents for the lowest premium costs while maintaining a reasonable level of protection for its employees and the entity. Programs and classes are also held to teach employees better health and safety habits.

The County has a self-insurance fund. This is a reserve fund that allows the County to take high deductibles on worker's compensation and liability insurance thereby reducing premium costs.

**Pension and other post-employment benefits.** Yamhill County provides a defined benefit pension plan for its employees through the Oregon Public Employees Retirement System (OPERS). Recent actuarial studies of the plan show it to be underfunded.

The state legislature has taken some steps to correct the problem. In the early 90's, there had been concerns about OPERS meeting the funding obligations of the plan, so the Oregon Legislature created a second tier to begin in 1996 to provide for a more stable funding plan. With the latest studies, a third tier was added in 2003. Anyone joining the program between 1996 and 2003 was enrolled as a Tier 2 member. Members that have joined since 2004 are tier 3 members. The County's current rates are running a little over 20% of payroll.

Yamhill County did not join OPERS until October 1998, so with the exception of personnel employed in public safety prior to 1996, most general service employees at Yamhill County are enrolled in OPERS Tier 2 or OPSRP.

Oregon statutes require personnel employed in public safety to be members of OPERS or an equivalent. Public safety personnel employed prior to January 1996 are members of OPERS Tier

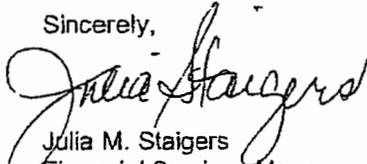
Yamhill County has available, but does not pay the premium for, health insurance plans for both "early" retirees (before age 65) and a Medicare supplement. The retiree can purchase this coverage through a group plan administered by the county, but the retiree is responsible to pay the premium.

#### ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Accounting department. We also would like to thank the audit team from Isler CPA.

Finally I would like to thank the Yamhill County Administration, the Commissioners and their staff for their support and commitment to maintaining high financial and accounting standards.

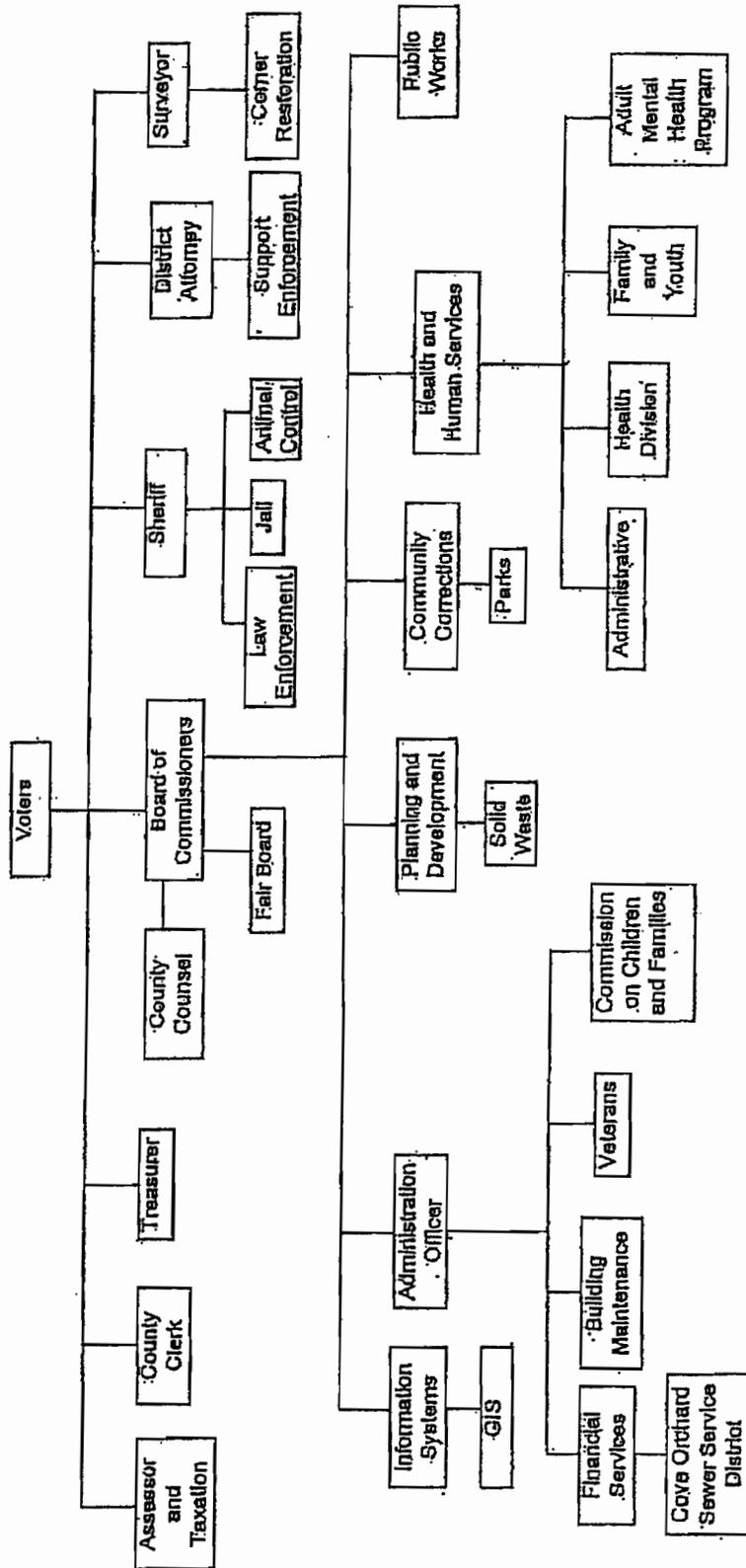
Sincerely,



Julia M. Staigers  
Financial Services Manager

YAMHILL COUNTY OREGON  
 ORGANIZATIONAL CHART

JUNE 30, 2006



**YAMHILL COUNTY, OREGON  
ELECTED OFFICIALS  
As of June 30, 2006**

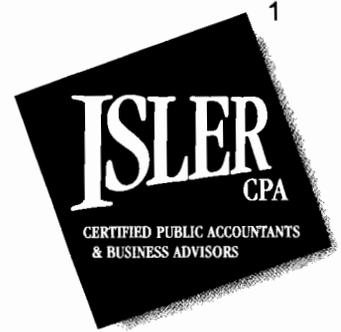
<b><u>ELECTED OFFICIAL</u></b>	<b><u>TERM EXPIRES</u></b>
Katherine George, Commissioner	2007
Mary P. Stern, Commissioner	2007
Leslie Lewis, Commissioner	2009
Jan Coleman, County Clerk	2009
Jack Crabtree, Sheriff	2007
Dan Linscheid, Surveyor	2007
Nancy Reed, Treasurer	2009
David Lawson, Assessor	2009
Brad Berry, District Attorney	2009

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

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

**FINANCIAL SECTION**



Independent Auditors' Report

Yamhill County  
McMinnville, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County, Oregon ("Yamhill County") as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and each major governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006, on our consideration of Yamhill County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Yamhill County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Yamhill County. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

ISLER CPA

A handwritten signature in cursive script that reads "Paul R. Nielson".

by: Paul Nielson, a member  
Eugene, Oregon  
November 17, 2006

**YAMHILL COUNTY, OREGON**  
Year ended June 30, 2006  
**Management's Discussion and Analysis**

As management of Yamhill County, we offer readers of Yamhill County's financial statements this narrative overview and analysis of the financial activities of Yamhill County for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

**Financial Highlights**

- The assets of Yamhill County exceeded its liabilities at the close of the most recent fiscal year by \$215,173,455 (*net assets*). Of this amount, \$7,098,322 (*unrestricted net assets*) may be used to meet the government's ongoing obligation to citizens and creditors.
- The government's total net assets decreased by \$9,592,430. This decrease can be attributed to revenues of \$47,832,986 and net government activity expenses of \$57,425,416.
- As of the close of the fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$23,839,026, a decrease of \$5,127,530 in comparison with the prior year. Approximately \$4,804,467 of this total is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,804,467, or 22.98 percent of total general fund expenditures.
- Yamhill County's total debt decreased by \$ 332,971 (22 percent) during the current fiscal year. The factors in this decrease were a payment on a full faith and credit bond issued by the county, and capital lease payment.

**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, land use and transportation, health and human

services and non-departmental. Business-type activities of Yamhill County include 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, the Yamhill Communications District, and Cove Orchard Sewer Service Districted, component units for which Yamhill County is financially accountable. Although all are legally separate, for all practical purposes they are departments of Yamhill County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 11 - 12 of this report.

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

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

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

Yamhill County maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, road fund, health and human services fund, solid waste fund, community corrections fund, capital project fund and the capital improvement fund, all of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 13 - 23 of this report.

**Proprietary funds.** Yamhill County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Yamhill County uses 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 basic proprietary fund financial statements can be found on pages 24 -26 of this report.

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

The basic fiduciary fund financial statements can be found on page 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 40 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 41 - 75 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 \$215,173,455 at the close of the most recent fiscal year.

By far the largest portion of Yamhill County's net assets (87.8%) 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

Yamhill County's Net Assets	Governmental Activity		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 29,144,800	\$ 34,858,643	\$ 92,001	\$ 86,731	\$ 29,236,801	\$ 34,945,374
Capital Assets	190,273,502	183,659,896	279,767	331,764	190,553,269	183,991,660
<b>Total assets</b>	<b>219,418,302</b>	<b>218,518,539</b>	<b>371,768</b>	<b>418,495</b>	<b>219,790,070</b>	<b>218,937,034</b>
Long-term liabilities outstanding	1,512,695	1,845,866	-	-	1,512,695	1,845,866
Other Liabilities	3,100,010	3,786,819	3,910	4,084	3,103,920	3,790,903
<b>Total liabilities</b>	<b>4,612,705</b>	<b>5,632,485</b>	<b>3,910</b>	<b>4,084</b>	<b>4,616,615</b>	<b>5,636,569</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	188,760,807	181,814,230	279,767	331,764	189,040,574	182,145,994
Restricted	19,034,559	24,723,106	-	-	19,034,559	24,723,106
Unrestricted	7,010,231	6,348,718	88,091	82,647	7,098,322	6,431,365
<b>Total net assets</b>	<b>\$ 214,805,597</b>	<b>\$ 212,886,054</b>	<b>\$ 367,858</b>	<b>\$ 414,411</b>	<b>\$ 215,173,455</b>	<b>\$ 213,300,465</b>

A portion of Yamhill County's net assets (8.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (3.3%) may be used to meet the government's ongoing obligations to citizen's and creditors.

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

The County's net assets were decreased by \$9,592,430 during the current fiscal year. This decrease was primarily from a decrease in grant revenue. The grant was all awarded in the first year (2004-05) to be spent over a period of several years.

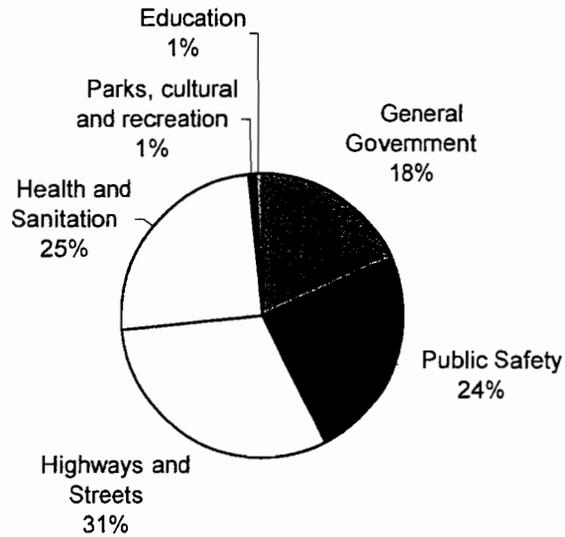
**Governmental activities.** Governmental activities decreased Yamhill County's net assets by \$9,545,877. As stated above this was primarily due to a decrease in grant revenue, a major portion of which was the receipt of a one time grant in 2004-05 for repair and upgrades of six bridges located on county roads, accounting for the majority of the decrease in the net assets of Yamhill County. All other elements of county revenues increased, while expenses remained relatively the same. Key elements of the changes are as follows:

**Yamhill County's Changes in Net Assets**

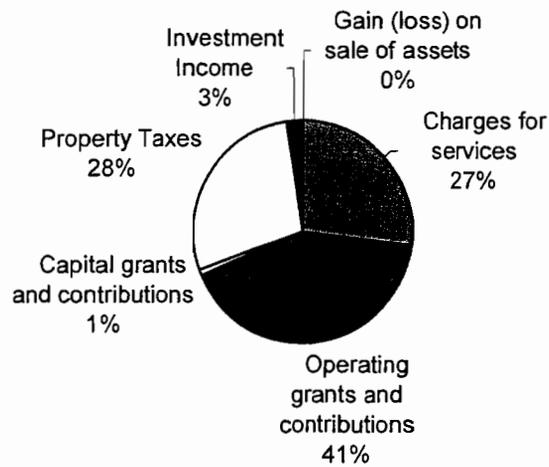
	Governmental Activity		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 12,955,403	\$ 11,852,174	\$ 47,291	\$ 44,230	\$ 13,002,694	\$ 11,896,404
Operating grants and contributions	19,829,841	35,343,715	-	5,803	19,829,841	35,349,518
Capital grants and contributions	431,564	285,322	-	-	431,564	285,322
<b>General revenues</b>						
Property Taxes	13,390,529	13,167,985	-	-	13,390,529	13,167,985
Investment income	1,218,957	689,154	3,578	1,784	1,222,535	690,938
Gain (loss) on sale of assets	(44,177)	(148,374)	-	-	(44,177)	(148,374)
<b>Total revenues</b>	<b>47,782,117</b>	<b>61,189,976</b>	<b>50,869</b>	<b>51,817</b>	<b>47,832,986</b>	<b>61,241,793</b>
<b>Expenses</b>						
<b>Governmental Activities</b>						
General Government	10,497,241	12,364,916	-	-	10,497,241	12,364,916
Public Safety	13,874,535	12,803,510	-	-	13,874,535	12,803,510
Highways and Streets	17,591,972	20,425,123	-	-	17,591,972	20,425,123
Health and Sanitation	14,441,855	10,926,544	-	-	14,441,855	10,926,544
Parks, cultural and recreation	493,974	550,989	-	-	493,974	550,989
Education	428,417	394,740	-	-	428,417	394,740
Sewer	-	-	97,422	98,961	97,422	98,961
<b>Total expenses</b>	<b>57,327,994</b>	<b>57,465,822</b>	<b>97,422</b>	<b>98,961</b>	<b>57,425,416</b>	<b>57,564,783</b>
<b>Change in net assets</b>	<b>(9,545,877)</b>	<b>3,724,154</b>	<b>(46,553)</b>	<b>(47,144)</b>	<b>(9,592,430)</b>	<b>3,677,010</b>
Net assets at beginning of year	212,886,054	209,161,900	414,411	461,555	213,300,465	209,623,455
Prior period adjustment(Note IV.D)	11,465,420	-	-	-	11,465,420	-
<b>Net assets at end of year</b>	<b>\$ 214,805,597</b>	<b>\$ 212,886,054</b>	<b>\$ 367,858</b>	<b>\$ 414,411</b>	<b>\$ 215,173,455</b>	<b>\$ 213,300,465</b>

Expenses decreased by \$139,367, this is due primarily to a decrease in highways and streets expenses. Other governmental functions fluctuated up and down. This was due to some realignment of resources and some programs receiving more or less federal and state grant money as priorities of the public change.

### Expenses by Function-General Government



### Revenue by Sources-Governmental Activities



## 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 \$23,839,026, a decrease of \$5,127,530 in comparison with the prior year. Approximately \$4,804,467 of the total amount (\$23,839,026) 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 \$4,804,467 all of which is unreserved.

The fund balance of Yamhill County's General fund increased by \$561,018 during the current fiscal year, the key factor in this growth was higher revenues from property taxes than originally anticipated.

The Road fund had a fund balance of \$896,057 at the end of this fiscal year. This is a decrease of \$296,272 from last fiscal year, all of which is restricted.

The Community Corrections fund had a fund balance of \$1,989,788 at the end of this fiscal year. This is an increase of \$215,710 from last fiscal year, all of which is restricted.

The Capital Improvements fund had a deficit fund balance of \$(349,640) at the end of this fiscal year. This is a decrease of \$732,872 from last fiscal year, all of which is restricted.

The Capital Project fund had a fund balance of \$9,907,000 at the end of this fiscal year. This is a decrease of \$3,915,543 from last fiscal year, all of which is restricted for repairing 6 County bridges.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were only \$17,824 or .07% of the original budget, which we consider insignificant. Expenditures were \$4,072,038 or 16% less than budgeted. This can be contributed to budgeting for grants for which the county applied, but did not receive and conservative budgeting by many of the county's department heads and managers.

## Capital Assets and Debt Administration

**Capital assets.** Yamhill County's investment in capital assets for its governmental and business type activities as June 30, 2006 amounts to \$190,553,269 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, bridges and culverts. The total increase in Yamhill County's investment in capital assets for the current fiscal year was 3.6 percent. The primary reason for this increase was due to large remodeling projects of properties that were purchased by the county in 2004-05. With the new properties and additional space, many departments have relocated. This necessitated reconfiguration of the buildings to meet the county's needs.

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

Additional properties were purchased in the vicinity of the Courthouse and a new Health and Human Services Facility will be built in the 2006-07 fiscal year. A night lighting system and a hanger were purchased for the county's helicopters with a homeland security grant. There were some capital improvements made to facilities at the Fairgrounds and Public Works continued improvements on the county bridges.

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

	Governmental Activity		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 49,300,523	\$ 48,973,725	\$ 78,356	\$ 78,356	\$ 49,378,879	\$ 49,052,081
Building	11,403,156	9,963,888	201,411	253,408	11,604,567	10,217,296
Machinery and Equipment	4,201,020	3,496,303	-	-	4,201,020	3,496,303
Infrastructure	125,368,803	121,225,980	-	-	125,368,803	121,225,980
<b>Total</b>	<b>\$ 190,273,502</b>	<b>\$ 183,659,896</b>	<b>\$ 279,767</b>	<b>\$ 331,764</b>	<b>\$ 190,553,269</b>	<b>\$ 183,991,660</b>

Additional information on Yamhill County's fixed assets can be found in Note III C on pages 35 - 36 of this report.

**Long-term debt.** At the end of the fiscal year, Yamhill County had total bonded outstanding debt of \$1,335,000. This full amount is comprised of a full faith and credit bond.

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

	Governmental Activity		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Full Faith and Credit Bonds	\$ 1,335,000	\$ 1,545,000	\$ -	\$ -	\$ 1,335,000	\$ 1,545,000
<b>Total</b>	<b>\$ 1,335,000</b>	<b>\$ 1,545,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,335,000</b>	<b>\$ 1,545,000</b>

Additional information on Yamhill County's debt can be found in Note III E on page 37 of this report.

**Economic Factors and Next Year's Budgets and Rates.**

The unemployment rate for Yamhill County is currently 5.0 percent, which is 1.3 percent lower than a year ago. This compares favorably with the state's unemployment rate of 5.4 percent and unfavorably with the national average rate of 4.6 percent.

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

Wineries continue to be a big tourist draw and along with them other tourist related businesses such as restaurants, bed and breakfasts and small specialty shops. The county is also home to an aircraft museum whose major attraction is Howard Hughes' Spruce goose. We are growing at a rapid rate, especially the east side of the county that borders on the Portland Metro area. The first 9 holes of a new public golf course were completed last year with the final 9 holes scheduled to open next fiscal year. A large, new hospital opened in one of the larger cities in the county.

Inflationary trends in the region compare favorably to national trends. A land use measure passed in the state last year that can roll back any land use regulations on a particular parcel of land to the date on which it was acquired by the present owner. The full impact of this is still not clear, but it is believed it has the potential for a significant change in land use and development.

The outcome of two upcoming events can have an influence on the budget for next year. They are a property tax appeal by a large paper manufacturer in the county and the uncertainty of how the federal government will decide to distribute funds for National Forests and O&C lands. Hopefully a decision will be made in each of these cases by early next year.

All of these factors were considered in preparing Yamhill County's budget for 2006-07 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund was \$4,804,467. Yamhill County has appropriated this among the departments in proportion to how much each saved for spending in the 2007 fiscal year budget.

### **Request for Information**

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

**YAMHILL COUNTY, OREGON**

## Statement of Net Assets

June 30, 2006

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 24,743,393	\$ 91,744	\$ 24,835,137
Receivables:			
Taxes	874,800	-	874,800
Accounts	3,294,982	257	3,295,239
Other	21,030	-	21,030
Inventories	202,915	-	202,915
Prepays and deposits	7,680	-	7,680
Capital assets, net	190,273,502	279,767	190,553,269
Total assets	<u>219,418,302</u>	<u>371,768</u>	<u>219,790,070</u>
<b>LIABILITIES</b>			
Accounts payable	1,144,880	710	1,145,590
Payroll payable	473,345	-	473,345
Compensated absences	1,098,997	-	1,098,997
Deferred revenue	318,260	-	318,260
Deposits payable	64,528	3,200	67,728
Noncurrent liabilities:			
Due within one year	277,149	-	277,149
Due in more than one year	1,235,546	-	1,235,546
Total liabilities	<u>4,612,705</u>	<u>3,910</u>	<u>4,616,615</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	188,760,807	279,767	189,040,574
Restricted for:			
Highways & streets	1,172,417	-	1,172,417
Public safety	2,175,260	-	2,175,260
Health and sanitation	3,872,396	-	3,872,396
Economic development	291,366	-	291,366
Capital outlay	10,391,274	-	10,391,274
Other	1,131,846	-	1,131,846
Unrestricted	7,010,231	88,091	7,098,322
Total net assets	<u>\$ 214,805,597</u>	<u>\$ 367,858</u>	<u>\$ 215,173,455</u>

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

**YAMHILL COUNTY, OREGON**  
**Statement of Activities**  
For the Year Ended June 30, 2006

Function / Programs	Expenses	Program Revenues Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 10,497,241	\$ 3,686,823	\$ 4,080,532	\$ 431,564	\$ (2,298,322)	\$ -	\$ (2,298,322)
Public safety	13,874,535	2,382,627	3,679,632	-	(7,812,276)	-	(7,812,276)
Highways and streets	17,591,972	336,378	5,304,943	-	(11,950,651)	-	(11,950,651)
Health and sanitation	14,441,855	6,155,093	6,599,435	-	(1,687,327)	-	(1,687,327)
Parks, cultural and recreation	493,974	391,760	-	-	(102,214)	-	(102,214)
Education	428,417	2,722	165,299	-	(260,396)	-	(260,396)
Total governmental activities	57,327,994	12,955,403	19,829,841	431,564	(24,111,186)	-	(24,111,186)
<b>Business-type activities:</b>							
Sewer	97,422	47,291	-	-	-	(50,131)	(50,131)
<b>Total</b>	<b>\$ 57,425,416</b>	<b>\$ 13,002,694</b>	<b>\$ 19,829,841</b>	<b>\$ 431,564</b>	<b>(24,111,186)</b>	<b>(50,131)</b>	<b>(24,161,317)</b>
<b>General Revenues:</b>							
Taxes					13,390,529	-	13,390,529
Investment income					1,218,957	3,578	1,222,535
Loss on sale of assets					(44,177)	-	(44,177)
Total general revenues					14,565,309	3,578	14,568,887
Change in net assets					(9,545,877)	(46,553)	(9,592,430)
Net assets - beginning					212,886,054	414,411	213,300,465
Prior period adjustment (note IV. D)					11,465,420	-	11,465,420
Net assets - ending					\$ 214,805,597	\$ 367,858	\$ 215,173,455

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

**YAMHILL COUNTY, OREGON**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2006

	General Fund	Road Fund	Health and Human Service Fund	Solid Waste Fund	Community Corrections Fund	Capital Improvement Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and Investments	\$ 5,311,590	\$ 383,465	\$ 1,494,829	\$ 914,790	\$ 2,080,714	\$ 515,230	\$ 10,335,774	\$ 2,862,853	\$ 23,899,245
Receivables:									
Taxes	822,970	-	-	-	-	4,902	-	46,928	874,800
Accounts	1,193,102	545,494	926,419	79,752	119,171	117,318	30,352	241,769	3,253,377
Other	21,030	-	-	-	-	-	-	-	21,030
Prepays	2,145	-	-	-	1,800	-	-	3,735	7,680
Due from other funds	152,491	1,063	22,908	1,321,249	62	7,203	-	1,648	1,506,624
Inventories	-	202,915	-	-	-	-	-	-	202,915
Total assets	\$ 7,503,328	\$ 1,132,937	\$ 2,444,156	\$ 2,315,791	\$ 2,201,747	\$ 644,653	\$ 10,366,126	\$ 3,156,933	\$ 29,765,671
<b>LIABILITIES</b>									
Accounts payable	\$ 297,057	\$ 38,090	\$ 130,011	\$ 73,476	\$ 19,835	\$ 19,965	\$ 459,126	\$ 101,052	\$ 1,138,612
Payroll and related liabilities	243,660	42,596	123,698	4,857	40,188	6,357	-	9,094	470,450
Compensated absences	585,580	146,194	243,923	12,808	84,442	9,393	-	11,335	1,093,675
Due to other funds	754,549	-	-	-	67,494	953,904	-	228,270	2,004,217
Deposits	30,669	10,000	-	-	-	-	-	23,859	64,528
Deferred revenue	787,346	-	298,778	-	-	4,674	-	64,365	1,155,163
Total liabilities	2,698,861	236,880	796,410	91,141	211,959	994,293	459,126	437,975	5,926,645
<b>FUND BALANCES</b>									
Reserved for inventories	-	202,915	-	-	-	-	-	-	202,915
Reserved for bridge repair	-	-	-	-	-	-	9,907,000	-	9,907,000
Unreserved, undesignated	-	-	-	-	-	-	-	-	-
General fund	4,804,467	-	-	-	-	-	-	-	4,804,467
Special revenue funds	-	693,142	1,647,746	2,224,650	1,989,788	-	-	1,608,684	8,164,010
Capital project funds	-	-	-	-	-	(349,640)	-	1,110,274	760,634
Total fund balances	4,804,467	896,057	1,647,746	2,224,650	1,989,788	(349,640)	9,907,000	2,718,958	23,839,026
Total liabilities and fund balances	\$ 7,503,328	\$ 1,132,937	\$ 2,444,156	\$ 2,315,791	\$ 2,201,747	\$ 644,653	\$ 10,366,126	\$ 3,156,933	\$ 29,765,671

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

**YAMHILL COUNTY, OREGON**  
 Reconciliation of the Balance Sheet -  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2006

Fund Balances - Governmental Funds \$ 23,839,026

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

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

Governmental capital assets	418,613,301	
Less accumulated depreciation	<u>(228,355,803)</u>	190,257,498

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

Capital leases payable	(177,695)
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Bond payable	(1,335,000)
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Deferred revenue represents amounts that were not available to fund current expenditures and therefore is reported in the governmental funds.	836,903
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Internal service funds are used by management to charge costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.	1,384,865
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Net assets of governmental activities	<u><u>\$ 214,805,597</u></u>
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**YAMHILL COUNTY, OREGON**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

	General Fund	Road Fund	Health and Human Service Fund	Solid Waste Fund	Community Corrections Fund	Capital Improvement Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>									
Property taxes	\$ 12,632,816	\$ -	\$ -	\$ -	\$ -	\$ (5,763)	\$ -	\$ 788,518	\$ 13,415,571
Licenses and permits	937,963	67,652	197,463	-	-	-	-	191,856	1,394,834
Intergovernmental	3,867,143	5,304,943	6,599,435	-	2,653,567	431,564	-	1,446,059	20,302,711
Charges for services	4,266,216	621,117	5,495,975	819,989	648,234	877,018	-	978,790	13,707,339
Fines and forfeitures	306,803	-	33,874	-	-	-	-	136,913	477,590
Interest income	329,033	21,517	80,867	48,768	87,932	18,802	490,078	119,067	1,196,064
Miscellaneous	274,453	32,181	79,173	2,700	20,670	55,008	-	119,899	584,084
Total revenues	22,614,327	6,047,410	12,489,787	871,457	3,410,403	1,376,629	490,078	3,781,102	51,078,193
<b>EXPENDITURES</b>									
General government	8,649,902	-	-	-	-	2,339,501	-	2,129,983	13,119,386
Public safety, jail and sheriff	10,628,286	-	-	-	3,278,141	-	-	496,979	14,401,406
Highways and streets	-	6,343,811	-	-	-	-	4,405,621	-	10,749,432
Health and sanitation	-	-	13,892,176	1,544,444	-	-	-	-	15,436,620
Parks, culture and recreation	215,589	-	-	-	-	-	-	383,661	609,250
Education	-	-	-	-	-	-	-	428,417	428,417
Capital outlay	1,412,276	-	-	-	-	-	-	-	1,412,276
Total expenditures	20,904,053	6,343,811	13,892,176	1,544,444	3,278,141	2,339,501	4,405,621	3,449,040	56,156,787
Excess (deficiency) of revenues over (under) expenditures	1,710,274	(296,401)	(1,405,389)	(672,987)	132,262	(962,872)	(3,915,543)	332,062	(5,078,594)
<b>OTHER FINANCING SOURCES (USES):</b>									
Interfund transfers in	589,529	129	1,060,889	-	399,668	230,000	-	30,492	2,310,707
Interfund transfers out	(1,738,785)	-	(236,509)	(96,000)	(316,220)	-	-	(129)	(2,359,643)
Total other financing sources (uses)	(1,149,256)	129	822,380	(96,000)	83,448	230,000	-	30,363	(48,936)
Net change in fund balance	561,018	(296,272)	(583,009)	(738,987)	215,710	(732,872)	(3,915,543)	362,425	(5,127,530)
Fund balance - beginning	4,243,449	1,192,329	2,230,755	2,963,637	1,774,078	383,232	13,822,543	2,356,533	28,968,556
Fund balance - ending	\$ 4,804,467	\$ 896,057	\$ 1,647,746	\$ 2,224,650	\$ 1,989,788	\$ (349,640)	\$ 9,907,000	\$ 2,718,958	\$ 23,839,026

**YAMHILL COUNTY, OREGON**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2006

Net change in fund balance - governmental funds \$ (5,127,530)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditure for capital outlay	9,519,676	
Less current year depreciation	<u>(14,305,072)</u>	(4,785,396)

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

Change in deferred revenue		(25,042)
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Repayment of long-term debt is an expenditure in the governmental funds, however repayment reduces long-term liabilities in the statement of net assets:

Principal payments		308,694
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Basis on the disposed assets		(56,394)
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Net income of internal service funds after eliminating transfers and income reported above		139,791
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Change in net assets of governmental activities		<u><u>\$ (9,545,877)</u></u>
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## MAJOR FUNDS

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

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

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

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

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

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

*Capital Project Fund* accounts for repair and upgrade of six bridges in Yamhill County. The funding source for these projects is the Oregon Transportation Commission under the Oregon Transportation Investment Act of 2003.

**YAMHILL COUNTY, OREGON**  
**GENERAL FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes:				
Current year	\$ 12,149,945	\$ 12,122,408	\$ 11,991,150	\$ (131,258)
Prior year	475,000	370,000	641,666	271,666
Licenses and permits	635,288	635,288	937,863	302,575
Intergovernmental	5,434,900	5,432,811	3,867,143	(1,565,668)
Charges for services	4,115,253	4,118,786	4,266,216	147,430
Fines and forfeitures	578,040	578,040	306,803	(271,237)
Interest income	170,000	170,000	329,033	159,033
Miscellaneous	234,387	199,485	274,453	74,968
Total revenues	<u>23,792,813</u>	<u>23,626,818</u>	<u>22,614,327</u>	<u>(1,012,491)</u>
<b>EXPENDITURES:</b>				
Administrative services	632,866	658,866	654,648	4,218
Assessor	1,302,632	1,302,632	1,238,787	63,845
Board of commissioners	494,365	504,365	494,077	10,288
County clerk	977,201	977,201	749,525	227,676
Information systems	988,644	988,643	933,317	55,326
District attorney	1,518,960	1,518,960	1,407,382	111,578
Planning	1,337,331	1,337,331	1,278,290	59,041
Surveyor	164,425	154,425	141,107	13,318
Support enforcement	345,234	345,234	313,547	31,687
Treasurer	90,177	90,177	85,108	5,069
Veterans	126,715	126,715	107,267	19,448
County counsel	332,241	332,241	330,300	1,941
Transportation	2,091,343	2,085,420	648,543	1,436,877
Non-departmental	1,515,095	1,509,035	1,269,353	239,682
Emergency services	91,461	93,561	88,226	5,335
Jail	3,345,093	3,385,093	3,338,967	46,126
Marine	91,200	91,200	92,769	(1,569)
Sheriff	4,951,672	4,974,831	4,516,975	457,856
Mediation services	82,000	78,000	63,942	14,058
GIS	255,058	255,058	203,545	51,513
Narcotics investigation	104,733	104,733	83,505	21,228
Juvenile department	2,669,385	2,669,385	2,505,844	163,541
Justice court	190,200	190,200	-	190,200
Parks	310,284	310,284	215,589	94,695
Air support division	187,200	193,100	143,440	49,660
Contingency	798,400	699,401	-	699,401
Total expenditures	<u>24,993,915</u>	<u>24,976,091</u>	<u>20,904,053</u>	<u>4,072,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,201,102)</u>	<u>(1,349,273)</u>	<u>1,710,274</u>	<u>3,059,547</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	687,020	745,529	589,529	(156,000)
Transfers out	(1,888,721)	(1,839,685)	(1,738,785)	100,900
Total other financing sources (uses)	<u>(1,201,701)</u>	<u>(1,094,156)</u>	<u>(1,149,256)</u>	<u>(55,100)</u>
Net change in fund balance	(2,402,803)	(2,443,429)	561,018	3,004,447
Fund balance - beginning	<u>3,169,112</u>	<u>3,304,538</u>	<u>4,243,449</u>	<u>938,911</u>
Fund balance - ending	<u>\$ 766,309</u>	<u>\$ 861,109</u>	<u>\$ 4,804,467</u>	<u>\$ 3,943,358</u>

**YAMHILL COUNTY, OREGON**

**ROAD FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 5,202,150	\$ 5,239,150	\$ 5,304,943	\$ 65,793
Charges for services	520,387	520,387	621,117	100,730
Licenses and permits	50,000	50,000	67,652	17,652
Investment earnings	10,000	10,000	21,517	11,517
Other revenue	<u>21,150</u>	<u>21,150</u>	<u>32,181</u>	<u>11,031</u>
Total revenues	<u>5,803,687</u>	<u>5,840,687</u>	<u>6,047,410</u>	<u>206,723</u>
<b>EXPENDITURES:</b>				
Fleet	494,587	494,587	402,580	92,007
Engineering	248,022	257,522	256,032	1,490
Road	6,192,361	6,287,861	5,685,199	602,662
Contingency	<u>100,000</u>	<u>32,000</u>	<u>-</u>	<u>32,000</u>
Total expenditures	<u>7,034,970</u>	<u>7,071,970</u>	<u>6,343,811</u>	<u>728,159</u>
Excess (deficiency) of revenues over (under) expenditures	(1,231,283)	(1,231,283)	(296,401)	934,882
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>129</u>	<u>129</u>
Net change in fund balance	(1,231,283)	(1,231,283)	(296,272)	935,011
<b>Fund Balance:</b>				
Beginning of year	<u>1,431,283</u>	<u>1,431,283</u>	<u>1,192,329</u>	<u>(238,954)</u>
End of year	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 896,057</u>	<u>\$ 696,057</u>

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

**YAMHILL COUNTY, OREGON**  
**HEALTH AND HUMAN SERVICE FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 7,033,441	\$ 7,033,441	\$ 6,599,435	\$ (434,006)
Charges for services	5,506,541	5,506,541	5,495,975	(10,566)
Licenses and permits	176,429	176,429	197,463	21,034
Fines and penalties	39,360	39,360	33,874	(5,486)
Investment earnings	47,786	47,786	80,867	33,081
Other revenue	89,774	89,774	79,173	(10,601)
Total revenues	12,893,331	12,893,331	12,486,787	(406,544)
<b>EXPENDITURES:</b>				
Community health	2,041,825	2,011,825	1,982,065	29,760
Developmental disabilities	4,201,372	4,211,372	4,198,458	12,914
Mental health	2,255,967	2,480,967	2,412,592	68,375
ABACUS	535,539	570,539	545,956	24,583
Family & youth	1,560,729	1,660,729	1,610,465	50,264
Chemical dependency	1,696,709	1,761,709	1,681,489	80,220
HHS Central services	1,122,366	672,366	533,893	138,473
Enhanced care facility	1,139,828	1,184,828	1,165,767	19,061
Total expenditures	14,554,335	14,554,335	14,130,685	423,650
Excess (deficiency) of revenues over (under) expenditures	(1,661,004)	(1,661,004)	(1,643,898)	17,106
<b>OTHER FINANCING SOURCES :</b>				
Transfers in	1,052,889	1,052,889	1,060,889	8,000
Net change in fund balance	(608,115)	(608,115)	(583,009)	25,106
<b>Fund Balance:</b>				
Beginning of year	1,996,974	1,996,974	2,230,755	233,781
End of year	\$ 1,388,859	\$ 1,388,859	\$ 1,647,746	\$ 258,887

Transfers out of \$238,509 are included in total expenditures above and are separately disclosed on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

**YAMHILL COUNTY, OREGON**  
**SOLID WASTE FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ 696,167	\$ 696,167	\$ 819,989	\$ 123,822
Investment earnings	62,000	62,000	48,768	(13,232)
Other revenue	-	-	2,700	2,700
Total revenues	<u>758,167</u>	<u>758,167</u>	<u>871,457</u>	<u>113,290</u>
<b>EXPENDITURES:</b>				
Solid waste	-	-	1,544,444	(1,544,444)
Contingency	<u>2,052,687</u>	<u>2,052,687</u>	-	<u>2,052,687</u>
Total expenditures	<u>2,052,687</u>	<u>2,052,687</u>	<u>1,544,444</u>	<u>508,243</u>
Excess (deficiency) of revenues over (under) expenditures	(1,294,520)	(1,294,520)	(672,987)	621,533
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(66,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>-</u>
Net change in fund balance	(1,360,520)	(1,360,520)	(738,987)	621,533
<b>Fund Balance:</b>				
Beginning of year	<u>2,975,294</u>	<u>2,975,294</u>	<u>2,963,637</u>	<u>(11,657)</u>
End of year	<u>\$ 1,614,774</u>	<u>\$ 1,614,774</u>	<u>\$ 2,224,650</u>	<u>\$ 609,876</u>

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

**YAMHILL COUNTY, OREGON**  
**COMMUNITY CORRECTIONS FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 2,319,100	\$ 2,648,513	\$ 2,653,567	\$ 5,054
Charges for services	1,148,813	749,400	648,234	(101,166)
Investment earnings	25,000	25,000	87,932	62,932
Other revenue	<u>18,000</u>	<u>18,000</u>	<u>20,670</u>	<u>2,670</u>
Total revenues	<u>3,510,913</u>	<u>3,440,913</u>	<u>3,410,403</u>	<u>(30,510)</u>
<b>EXPENDITURES:</b>				
Jail	877,279	877,279	837,234	40,045
Community corrections	173,169	173,169	166,757	6,412
State enhancement	2,087,467	2,081,467	1,594,094	487,373
Victims panel	2,000	3,000	1,984	1,016
Work release	380,449	380,449	346,734	33,715
SB 1145	287,034	287,034	236,645	50,389
Jail maintenance	417,969	422,969	410,913	12,056
Contingency	<u>474,480</u>	<u>404,480</u>	<u>-</u>	<u>404,480</u>
Total expenditures	<u>4,699,847</u>	<u>4,629,847</u>	<u>3,594,361</u>	<u>1,035,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,188,934)</u>	<u>(1,188,934)</u>	<u>(183,958)</u>	<u>1,004,976</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>399,668</u>	<u>399,668</u>	<u>399,668</u>	<u>-</u>
Net change in fund balance	(789,266)	(789,266)	215,710	1,004,976
<b>Fund Balance:</b>				
Beginning of year	<u>1,345,850</u>	<u>1,345,850</u>	<u>1,774,078</u>	<u>428,228</u>
End of year	<u>\$ 556,584</u>	<u>\$ 556,584</u>	<u>\$ 1,989,788</u>	<u>\$ 1,433,204</u>

Transfers out of \$316,220 are included in total expenditures above and are separately disclosed on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

**YAMHILL COUNTY, OREGON**  
**CAPITAL IMPROVEMENT FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ (5,763)	\$ (5,763)
Intergovernmental	1,110,796	1,223,796	431,564	(792,232)
Charges for services	1,215,369	1,515,369	877,018	(638,351)
Investment earnings	12,000	12,000	18,802	6,802
Other revenue	<u>2,255,142</u>	<u>2,255,142</u>	<u>55,008</u>	<u>(2,200,134)</u>
Total revenues	<u>4,593,307</u>	<u>5,006,307</u>	<u>1,376,629</u>	<u>(3,629,678)</u>
<b>EXPENDITURES:</b>				
Clerk				
Materials & services	10,000	10,000	4,838	5,162
Capital outlay	75,553	75,553	-	75,553
Facilities maintenances	702,459	798,959	793,322	5,637
Information systems				
Materials & services	140,000	140,000	130,675	9,325
Capital improvement				
Personnel service	-	1,000	(316)	1,316
Materials & services	77,748	257,748	413,344	(155,596)
Capital outlay	524,791	399,791	60,497	339,294
Debt service	282,061	282,061	93,101	188,960
Maintenance reserve	41,000	41,000	-	41,000
Capital projects				
Personnel services	11,325	3,425	3,593	(168)
Materials & services	48,675	29,075	22,974	6,101
Capital outlay	30,000	30,000	-	30,000
Building projects				
Personnel services	42,142	22,142	-	22,142
Materials & services	2,030,000	2,030,000	18,500	2,011,500
Capital outlay	<u>820,000</u>	<u>820,000</u>	<u>798,973</u>	<u>21,027</u>
Total expenditures	<u>4,835,754</u>	<u>4,940,754</u>	<u>2,339,501</u>	<u>2,601,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(242,447)</u>	<u>65,553</u>	<u>(962,872)</u>	<u>(1,028,425)</u>
<b>OTHER FINANCING SOURCES :</b>				
Transfers in	<u>325,000</u>	<u>130,000</u>	<u>230,000</u>	<u>100,000</u>
Net change in fund balance	82,553	195,553	(732,872)	(928,425)
Fund Balance:				
Beginning of year	<u>253,000</u>	<u>140,000</u>	<u>383,232</u>	<u>243,232</u>
End of year	<u>\$ 335,553</u>	<u>\$ 335,553</u>	<u>\$ (349,640)</u>	<u>\$ (685,193)</u>

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

**YAMHILL COUNTY, OREGON**

**CAPITAL PROJECT FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
Charges for services	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Investment earnings	<u>120,000</u>	<u>120,000</u>	<u>490,078</u>	<u>370,078</u>
Total revenues	<u>122,000</u>	<u>122,000</u>	<u>490,078</u>	<u>368,078</u>
<b>EXPENDITURES:</b>				
Materials and services	7,998,647	7,998,647	4,333,378	3,665,269
Capital outlay	<u>80,000</u>	<u>80,000</u>	<u>72,243</u>	<u>7,757</u>
Total expenditures	<u>8,078,647</u>	<u>8,078,647</u>	<u>4,405,621</u>	<u>3,673,026</u>
Net change in fund balance	(7,956,647)	(7,956,647)	(3,915,543)	4,041,104
Fund Balance:				
Beginning of year	<u>12,258,150</u>	<u>12,258,150</u>	<u>13,822,543</u>	<u>1,564,393</u>
End of year	<u>\$ 4,301,503</u>	<u>\$ 4,301,503</u>	<u>\$ 9,907,000</u>	<u>\$ 5,605,497</u>

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

**YAMHILL COUNTY, OREGON**

Statement of Net Assets

Proprietary Funds

June 30, 2006

	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 91,744	\$ 844,148
Accounts receivable	257	41,605
Due from other funds	-	497,593
Total current assets	<u>92,001</u>	<u>1,383,346</u>
Noncurrent assets:		
Land	78,356	-
Buildings and equipment	957,674	219,851
Accumulated depreciation	<u>(756,263)</u>	<u>(203,847)</u>
Total noncurrent assets	<u>279,767</u>	<u>16,004</u>
Total assets	<u>371,768</u>	<u>1,399,350</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	710	6,268
Payroll payable	-	2,895
Compensated absences	-	5,322
Deposits payable	<u>3,200</u>	<u>-</u>
Total current liabilities	<u>3,910</u>	<u>14,485</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	279,767	16,004
Unrestricted	<u>88,091</u>	<u>1,368,861</u>
Total net assets	<u>\$ 367,858</u>	<u>\$ 1,384,865</u>

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

**YAMHILL COUNTY, OREGON**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2006**

	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
Operating revenues:		
Charges for services	\$ 46,903	\$ 1,156,437
Other revenue	388	-
Total operating revenues	<u>47,291</u>	<u>1,156,437</u>
Operating expenses:		
Personal services	-	112,802
Materials and services	45,425	1,014,065
Depreciation	<u>51,997</u>	<u>10,023</u>
Total operating expenses	<u>97,422</u>	<u>1,136,890</u>
Total operating income (loss)	<u>(50,131)</u>	<u>19,547</u>
Nonoperating revenues (expenses):		
Intergovernmental revenue	-	48,415
Interest income	3,578	22,893
Transfers in	-	48,936
Total nonoperating revenues	<u>3,578</u>	<u>120,244</u>
Change in net assets	(46,553)	139,791
Net assets - beginning	<u>414,411</u>	<u>1,245,074</u>
Net assets - ending	<u>\$ 367,858</u>	<u>\$ 1,384,865</u>

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

**YAMHILL COUNTY, OREGON**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2006

	Enterprise Fund	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 47,184	\$ 1,166,145
Payments to employees	-	(109,185)
Payments to suppliers	(45,599)	(1,026,324)
Net cash provided (used) by operating activities	1,585	30,636
Cash flows from noncapital financing activities:		
Intergovernmental	-	48,415
Transfers in	-	48,936
Net cash provided by noncapital financing activities:	-	97,351
Cash flows from capital and related financing activities:		
Principal payments on capital leases	-	(24,277)
Net cash used by capital and related financing activities:	-	(24,277)
Cash flows from investing activities:		
Interest received on investments	3,578	22,893
Net increase (decrease) in cash and cash equivalents	5,163	126,603
Cash and cash equivalents - beginning of year	86,581	717,545
Cash and cash equivalents - end of year	\$ 91,744	\$ 844,148
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (50,131)	\$ 19,547
Depreciation	51,997	10,023
Change in accounts receivable	(107)	9,708
Change in accounts payable	(174)	(12,259)
Change in accrued payroll	-	3,617
Cash provided (used) by operating activities	\$ 1,585	\$ 30,636

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

**YAMHILL COUNTY, OREGON**  
Statement of Fiduciary Net Assets  
June 30, 2006

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 4,077,357
Property taxes receivable	3,818,518
Total assets	<u>7,895,875</u>
<b>LIABILITIES</b>	
Due to other taxing districts/agencies	7,673,335
Other liabilities	222,540
Total liabilities	<u>\$ 7,895,875</u>

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

## YAMHILL COUNTY, OREGON

### Notes to Financial Statements

June 30, 2006

#### **Note I - Summary of significant accounting policies**

##### **A. Reporting entity**

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

The County is a municipal corporation governed by elected County Commissioners. As required by generally accepted accounting principles, these financial statements present Yamhill County and its component units, entities for which Yamhill County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of Yamhill County's operations and so data from these units are combined with data of the primary government. Yamhill County Extension Service District and Yamhill Emergency Communications District are reported as special revenue funds and Cove Orchard Sewer Service District is reported as an enterprise fund. Their financial statements may be obtained from the County.

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

##### **B. Government wide and fund financial statements**

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and reported in a separate column.

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

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

## YAMHILL COUNTY, OREGON

### Notes to Financial Statements

June 30, 2006

#### **Note I - Summary of significant accounting policies (continued)**

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

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

Yamhill County reports the following major governmental funds:

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

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

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

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

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

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

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

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

The following is Yamhill County's major enterprise fund:

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

Additionally, Yamhill County reports the following fund types:

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

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

## YAMHILL COUNTY, OREGON

### Notes to Financial Statements

June 30, 2006

#### **Note 1 - Summary of significant accounting policies (continued)**

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

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

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

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

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

##### **D. Assets, liabilities, and net assets or equity**

###### **1. Deposits and investments**

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

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

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

## YAMHILL COUNTY, OREGON

### Notes to Financial Statements

June 30, 2006

#### **Note I - Summary of significant accounting policies (continued)**

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

##### **2. Receivables and payables**

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

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

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

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

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

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as interest income.

##### **3. Inventory**

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

# YAMHILL COUNTY, OREGON

## Notes to Financial Statements

June 30, 2006

### Note 1 - Summary of significant accounting policies (continued)

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

##### **4. Capital assets**

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

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

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

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

##### **5. Compensated absences**

Vested vacation and compensatory time that is expected to be liquidated with expendable available financial resources is recognized as expenditures and liabilities of the governmental fund that will pay it. 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.

##### **6. Long-term obligations**

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

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

# YAMHILL COUNTY, OREGON

## Notes to Financial Statements

June 30, 2006

### **Note II - Stewardship, compliance, and accountability**

#### **A. Budget information**

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. Except for the agency funds, the County is required by law to budget all funds. The budgetary level of control is by department for the General Fund. All other funds appropriate by fund, department, or object. Expenditures may not legally exceed the adopted level of detail and all annual appropriations lapse at year end. The County does not use encumbrance accounting.

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

#### **B. Excess of expenditures over appropriations**

For the year ended June 30, 2006, expenditures in the following funds exceeded budgeted appropriations by the amounts shown:

<u>Fund/Appropriation:</u>	<u>Amount</u>
<i>General Fund:</i>	
Marine	\$ 1,569
<i>Capital Improvement Fund:</i>	
Capital improvement (Material & services)	155,596
Capital projects (Personal services)	168

#### **C. Deficit fund equity**

The County had following deficit fund balance (or negative net assets) as of June 30, 2006.

Communication levy fund	(79,010)
Capital improvement fund	(349,640)

**YAMHILL COUNTY, OREGON**

Notes to Financial Statements

June 30, 2006

**Note III - Detailed notes on all funds**

**A. Cash and investments**

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

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

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

As of June 30, 2006, the County's cash and investment balances were reported as follows:

	Government-Wide Statements	Agency Funds	Total
Petty cash	\$ 7,435	\$ -	\$ 7,435
Deposits with financial institutions	10,276,943	4,077,357	14,354,300
Investments in LGIP	14,550,759	-	14,550,759
<b>Total cash and investments</b>	<b>\$ 24,835,137</b>	<b>\$ 4,077,357</b>	<b>\$ 28,912,494</b>

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

Interest rate risk. While the County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP. As of June 30, 2006, the weighted average maturities for the LGIP were as follows: up to 93 days (79%); 94 days to one year (10%); and 1-3 years (11%).

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

**YAMHILL COUNTY, OREGON**

Notes to Financial Statements

June 30, 2006

**Note III - Detailed notes on all funds, continued**

**B. Notes receivable**

During the year ended June 30, 2006, the Economic Development Fund had a loan receivable from the Farm Labor Camp. The activity during the year ended June 30, 2006 was as follows:

	<u>Balance at beginning of year</u>	<u>Principal Received</u>	<u>Balance at end of year</u>
Farm Labor Camp	\$ 27,069	\$ 27,069	\$ -

**C. Capital assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Current Year Increases</u>	<u>Current Year Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,190,648	\$ 377,619	\$ -	\$ 2,568,267
Right of way	27,634,277	-	(50,821)	27,583,456
Gravel roads	19,148,800	-	-	19,148,800
<b>Total capital assets, not being depreciated</b>	<b>48,973,725</b>	<b>377,619</b>	<b>(50,821)</b>	<b>49,300,523</b>
Capital assets, being depreciated:				
Buildings	13,326,313	1,803,419	-	15,129,732
Machinery and equipment	9,010,843	1,543,616	(161,630)	10,392,829
Infrastructure	338,297,028	5,795,022	(81,982)	344,010,068
<b>Total capital assets being depreciated</b>	<b>360,634,184</b>	<b>9,142,057</b>	<b>(243,612)</b>	<b>369,532,629</b>
Less accumulated depreciation for:				
Buildings	(3,362,425)	(364,151)	-	(3,726,576)
Machinery and equipment	(5,514,540)	(833,325)	156,056	(6,191,809)
Infrastructure	(205,605,628)	(13,117,619)	81,982	(218,641,265)
<b>Total accumulated depreciation</b>	<b>(214,482,593)</b>	<b>(14,315,095)</b>	<b>238,038</b>	<b>(228,559,650)</b>
<b>Total capital assets, being depreciated, net</b>	<b>146,151,591</b>	<b>(5,173,038)</b>	<b>(5,574)</b>	<b>140,972,979</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 195,125,316</b>	<b>\$ (4,795,419)</b>	<b>\$ (56,395)</b>	<b>\$ 190,273,502</b>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 78,356	\$ -	\$ -	\$ 78,356
Capital assets, being depreciated:				
Buildings	957,674	-	-	957,674
Less accumulated depreciation	(704,266)	(51,997)	-	(756,263)
<b>Total capital assets, being depreciated, net</b>	<b>253,408</b>	<b>(51,997)</b>	<b>-</b>	<b>201,411</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 331,764</b>	<b>\$ (51,997)</b>	<b>\$ -</b>	<b>\$ 279,767</b>

**YAMHILL COUNTY, OREGON**

Notes to Financial Statements

June 30, 2006

**Note III - Detailed notes on all funds, continued**

**C. Capital assets, continued**

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

**Primary Government**

Governmental activities:

General government	\$ 930,767
Public safety	57,275
Highways and streets	13,251,293
Health and sanitation	58,141
Culture and recreation	17,619
	<u>17,619</u>

Total depreciation expense - governmental activities \$ 14,315,095

Business-type activities:

Cove Orchard sewer service district	\$ 51,997
	<u>51,997</u>

**D. Interfund due from/ due to and transfers**

Payable fund	Receivable Fund								Total
	General	Road	Health and Human Service	Solid Waste	Community Corrections	Capital Improvement	Internal Service Funds	Nonmajor Governmental Funds	
General	\$ -	\$ 106	\$ -	\$ 396,752	\$ -	\$ 7,203	\$ 350,440	\$ 48	\$ 754,549
Community Correction	67,305	-	-	-	-	-	189	-	67,494
Capital Improvement	-	14	314	820,329	62	-	133,064	121	953,904
Nonmajor governmental	85,186	943	22,594	104,168	-	-	13,900	1,479	228,270
<b>Total</b>	<u>\$ 152,491</u>	<u>\$ 1,063</u>	<u>\$ 22,908</u>	<u>\$ 1,321,249</u>	<u>\$ 62</u>	<u>\$ 7,203</u>	<u>\$ 497,593</u>	<u>\$ 1,648</u>	<u>\$ 2,004,217</u>

The \$396,752 payable from the General Fund to the Solid Waste Fund was used for the purchase of the YCAP building and the property at 420 7th Street in McMinnville. The \$820,329 payable from the Capital Improvement Fund to the Solid Waste Fund was used for the purchase of a property at 638 Davis Street and a block of properties, which consisted of 3 large commercial buildings, in McMinnville.

Transfers out of:	Transfers in to:							Total
	General	Road	Health and Human Service	Community Corrections	Capital Improvement	Internal Service Funds	Other Governmental Funds	
General	\$ 128,800	\$ -	\$ 1,060,889	\$ 399,668	\$ 70,000	\$ 48,936	\$ 30,492	\$ 1,738,785
Health and Human Service	78,509	-	-	-	160,000	-	-	238,509
Solid Waste	66,000	-	-	-	-	-	-	66,000
Community Correction	316,220	-	-	-	-	-	-	316,220
Nonmajor Governmental	-	129	-	-	-	-	-	129
<b>Total</b>	<u>\$ 589,529</u>	<u>\$ 129</u>	<u>\$ 1,060,889</u>	<u>\$ 399,668</u>	<u>\$ 230,000</u>	<u>\$ 48,936</u>	<u>\$ 30,492</u>	<u>\$ 2,359,643</u>

Transfers within and between funds were made primarily to facilitate operations of County services. The amounts transferred from the General Fund to Health and Human Services and Community Corrections were budgeted transfers to provide sufficient operating revenue to meet community needs. The transfers from the General Fund and Health and Human Services to the Capital Improvement Fund were made to help pay for capital improvements to real property the County owns in the area. The transfer from Community Corrections to the General Fund was made primarily to assist the Sheriff in the operation of the jail and a small amount to operate the District Attorney's office.

**YAMHILL COUNTY, OREGON**

Notes to Financial Statements

June 30, 2006

**Note III - Detailed notes on all funds, continued**

**E. Long-term debt**

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

	<u>Governmental Activities</u>	
Equipment	\$	291,208
Less: accumulated depreciation		<u>(116,483)</u>
	\$	<u>174,725</u>

The annual debt service requirements for capital leases to be paid from governmental activities at June 30, 2006 are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 57,149	\$ 5,836	\$ 62,985
2008	59,207	3,779	62,986
2009	<u>61,339</u>	<u>1,647</u>	<u>62,986</u>
Total	<u>\$ 177,695</u>	<u>\$ 11,262</u>	<u>\$ 188,957</u>

*General Obligation Bond.* On August 27, 2003 the County issued Full Faith and Credit Bonds. The bond proceeds were to be used to purchase the PMC Building, emergency communications equipment, and to finance the Juvenile Detention Center improvements. The bond is for the amount of \$1,750,000. The balance of the bond on June 30, 2006 was \$1,335,000. The bond interest is payable semiannually on September 1st and March 1st at an interest rate of 2.0% to 4.7%, beginning March 1st, 2004 and ending September 1, 2023. The bond principal is payable annually beginning on September 1, 2004. The schedule of future bond payments is as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 220,000	\$ 48,325
2008	80,000	44,945
2009	80,000	42,525
2010	80,000	40,000
2011	400,000	180,000
2012 - 2016	400,000	90,000
2017 - 2021	<u>75,000</u>	<u>40,000</u>
Total	<u>\$ 1,335,000</u>	<u>\$ 485,795</u>

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 1,545,000	\$ -	\$ (210,000)	\$ 1,335,000	\$ 220,000
Capital lease	300,666	-	(122,971)	177,695	57,149
	<u>\$ 1,845,666</u>	<u>\$ -</u>	<u>\$ (332,971)</u>	<u>\$ 1,512,695</u>	<u>\$ 277,149</u>

## YAMHILL COUNTY, OREGON

### Notes to Financial Statements

June 30, 2006

#### **Note III - Detailed notes on all funds, continued**

##### **F. Conduit financing**

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

On April 3, 2003, Yamhill County created a component unit, the Yamhill County Hospital Authority ("Authority"). On April 24, 2003 the Authority issued \$17,500,000 in revenue bonds. The proceeds of these bonds were assigned to Friendsview Retirement Community - Oregon to finance the costs of a new retirement facility. Friendsview Retirement Community - Oregon has pledged revenue to secure the payment of the bonds. As of June 30, 2006, \$17,500,000 of the refunding bonds were outstanding.

On May 1, 2005, Yamhill County issued its tax-exempt variable rate demand revenue bonds, series 2005A and its federally taxable variable demand rate revenue bonds, series 2005 in the aggregate principal amount not to exceed \$28,400,000. The proceeds of the series 2005 bonds were assigned to George Fox University ("University") to (1) finance the costs of construction, additions, renovations, improvements and equipping of the University's new residence hall and the Herbert Hoover Academic Building, (2) improvements to parking areas and athletic facilities, (3) acquisition of property contiguous to the Newberg Campus and capital improvements thereto, (4) improvements to educational and educational support facilities located on the Newberg Campus, (5) provide funds sufficient to pay maturing principal of and interest on the 1997 series A bonds when due beginning October 1, 2005, and redeem all remaining principal amounts on the 1997 Series A bonds on March 1, 2007.

##### **G. Solid waste landfills:**

Yamhill County owns two landfills located within the County, both of which were closed in the Mid-1980s. The County has a \$3 million Financial Assurance Bond for Environmental Impairment on each landfill and a \$10 million insurance policy against any ground water contamination or gas migration on each landfill. The Oregon Department of Environmental Quality (DEQ) has agreed that this is sufficient to cover any liabilities. The County accounts for the costs of maintaining the closed landfills in the Solid Waste Fund.

#### **Note IV - Other information**

##### **A. Contingent liabilities**

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

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

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

## YAMHILL COUNTY, OREGON

### Notes to Financial Statements

June 30, 2006

#### **Note IV - Other information (continued)**

##### **B. Employee retirement system and plan**

*Plan Description* - The County is a participating employer in the Oregon Public Employees Retirement System ("PERS"), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at [www.pers.state.or.us](http://www.pers.state.or.us).

*Funding Policy* - Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The County has elected to contribute the 6.0% "pick-up" for the year ended June 30, 2006.

In addition to the 6.0% "pickup", the County contributed 8.04% - 15.11% of covered payroll, depending on classification, to PERS for the fiscal year ended June 30, 2006. This contribution rate was determined as part of the December 31, 2003 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004).

*Annual Pension Cost* - All participating employers are required by law to submit the contributions as adopted by OPERB. For the fiscal year ended June 30, 2006, the County's annual pension expenditures/expense exclusive of the 6% "pick-up" was \$ 3,537,767.

The County's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuations UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8.0% per year, projected salary increase of 4.25%, health cost inflation graded from 8.5% in 2004 to 5% in 2011, and a consumer price inflation component of 3.25%.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets is reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

**YAMHILL COUNTY, OREGON**

Notes to Financial Statements

June 30, 2006

**Note IV - Other information (continued)**

**B. Employee retirement system and plan, continued**

The Oregon Legislative Assembly created a second level or "Tier" of OPERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 ("Tier Two" members). Future interest credits are assumed at 8.5% for Tier One and there is no guaranty of future interest credits for Tier Two members.

Due to concerns about the rapidly increasing UAL for the state-wide pension system, the Oregon Legislative Assembly approved significant modifications to the state pension system during their 2003 session. House Bill 2001 addresses crediting of earnings to Tier One regular accounts. House Bill 2003 addresses the assumed earnings rate, employee contributions and payment of future cost of living adjustments as a means of addressing PERS deficits. House Bill 2004 modifies the actuarial equivalency factor tables. House Bill 2005 makes changes to the PERS board. House Bill 2020 establishes a successor retirement plan called OPSRP. There were also several other bills enacted affecting PERS that do not have a direct impact on the County or a majority of its employees.

Valuation Date	AVA	AAL	UAAL	Funded Ratio	Covered Payroll	UAAL / Payroll
12/31/1995	\$ 7,114,770	\$ 5,983,477	\$(1,131,293)	119 %	2,438,137	(46)%
12/31/1997	10,546,788	7,879,303	(2,667,485)	134 %	3,316,579	(80)%
12/31/1999	19,367,517	14,225,527	(5,141,990)	136 %	14,324,130	(36)%
12/31/2001	22,367,955	19,185,831	(3,182,124)	117 %	15,864,020	(20)%
12/31/2003	25,246,454	26,093,816	847,362	97 %	15,193,244	6 %

**C. Risk management**

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

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

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

**D. Restatement of beginning net assets**

The County restated net assets -governmental activities (government - wide financial statements) at the beginning of the year to correct an error in infrastructure depreciation.

Net assets -governmental activities as originally reported on June 30, 2005	\$212,886,054
Increase in net assets for correction of depreciation/accumulated depreciation	<u>11,465,420</u>
Net assets - governmental activities as restated on July 1, 2005	<u>\$224,351,474</u>

## NONMAJOR SPECIAL REVENUE FUNDS

*County Clerk Records Fund* - This fund is established under ORS 205.320. Funds are to be expended for acquiring storage and retrieval systems, maintaining and storing clerk's records.

*Dog Fund* - This fund operates with money from licensing and fines. The Dog fund is responsible for dog licensing and enforcement of the Yamhill County Dog Control Ordinances.

*Law Library Fund* - This fund provides a law library for the use of the court system and local attorneys. This facility is funded through a portion of filing fees collected by the state courts.

*County School Fund* - A portion of general revenues are turned over to the Education Service District for use in its educational programs. The fund also includes 25% of County federal forest receipts used for the same purpose. Some of these funds are distributed to local school districts.

*Commission on Children and Families Fund* - This fund accounts for developing a comprehensive plan, coordinating services, and providing advocacy for children and family services.

*County Fair Fund* - This fund accounts for two major areas of responsibilities, the fairgrounds and the equestrian center. The fairgrounds not only accommodate the annual fair but also events such as trade fairs, carnivals, circuses, and other non-equestrian events. The equestrian center is primarily concerned with attracting equestrian-related shows, exhibits and competitions.

*911 Emergency System Fund* - Yamhill County receives a pro-rata share of the three percent telephone excise tax. These monies are used to support dispatch operations.

*Economic Development (EDA) Fund* - This is a revolving fund, originally funded by the federal government, to provide low interest loans to businesses creating new jobs in Yamhill County.

*Corner Restoration Fund* - Funds from deed filing fees are deposited in this fund and supplement the surveyor's activities.

*System Development Fund* - This is a system development charge levied on all new construction in the rural areas of the County. Revenues are used for improvements to County parks and the Fair.

*Title III Fund* - This fund accounts for 15% of the federal forest fees and O & C Funds allocated to Yamhill County. Federal legislation requires these funds to be used for forest-related projects such as forest education, patrol, protection, and enhancement of forest land.

*Communication Levy Fund* - This fund accounts for the County's portion of the emergency communications system.

*Court Security Fund* - This fund provides information and safety services for the courts and their employees.

*Yamhill Emergency Communications District Fund* - The District is a separate unit of government formed to account for the costs associated with a new 450 megahertz emergency communications system to serve the central and southern portions of Yamhill County.

*Extension Service District Fund* - The District is a separate unit of government formed to provide support services for the extension agents serving Yamhill County. It has a separate tax levy. Its governing body is the Board of County Commissioners.

**YAMHILL COUNTY, OREGON**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2006

	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,760,305	\$ 1,102,548	\$ 2,862,853
Receivables:			
Taxes	46,928	-	46,928
Accounts	234,584	7,185	241,769
Prepays	3,735	-	3,735
Due from other funds	1,107	541	1,648
Total assets	<u>\$ 2,046,659</u>	<u>\$ 1,110,274</u>	<u>\$ 3,156,933</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 101,052	\$ -	\$ 101,052
Due to other funds	228,270	-	228,270
Payroll and related liabilities	9,094	-	9,094
Deposits	23,859	-	23,859
Compensated absences	11,335	-	11,335
Deferred revenue	64,365	-	64,365
Total liabilities	<u>437,975</u>	<u>-</u>	<u>437,975</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated			
Special revenue funds	1,608,684	-	1,608,684
Capital project funds	-	1,110,274	1,110,274
Total fund balances	<u>1,608,684</u>	<u>1,110,274</u>	<u>2,718,958</u>
Total liabilities and fund balances	<u>\$ 2,046,659</u>	<u>\$ 1,110,274</u>	<u>\$ 3,156,933</u>

**YAMHILL COUNTY, OREGON**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2006**

	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total
<b>REVENUES:</b>			
Property taxes	\$ 788,518	\$ -	\$ 788,518
Licenses and permits	191,856	-	191,856
Intergovernmental	1,402,794	43,265	1,446,059
Charges for services	756,284	222,506	978,790
Fines, fees and forfeitures	136,913	-	136,913
Interest income	78,961	40,106	119,067
Miscellaneous	106,918	12,981	119,899
Total revenues	<u>3,462,244</u>	<u>318,858</u>	<u>3,781,102</u>
<b>EXPENDITURES:</b>			
General government	1,946,464	183,519	2,129,983
Public safety, jail and sheriff	492,691	4,288	496,979
Parks, culture and recreation	393,661	-	393,661
Education	428,417	-	428,417
Total expenditures	<u>3,261,233</u>	<u>187,807</u>	<u>3,449,040</u>
Excess of revenues over expenditures	<u>201,011</u>	<u>131,051</u>	<u>332,062</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interfund transfers in	30,492	-	30,492
Interfund transfers out	-	(129)	(129)
Total other financing sources (uses)	<u>30,492</u>	<u>(129)</u>	<u>30,363</u>
Net change in fund balance	231,503	130,922	362,425
Fund balance - beginning	<u>1,377,181</u>	<u>979,352</u>	<u>2,356,533</u>
Fund balance - ending	<u>\$ 1,608,684</u>	<u>\$ 1,110,274</u>	<u>\$ 2,718,958</u>

**YAMHILL COUNTY, OREGON**  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	County Clerk's Records Fund	Dog Fund	Law Library Fund	County School Fund	Commission on Children and Families Fund	County Fair Fund	911 Emergency System Fund
<b>ASSETS</b>							
Cash and investments	\$ 140,982	\$ 108,802	\$ 27,575	\$ -	\$ 52,215	\$ 112,358	\$ 8,052
Receivables:							
Tax	-	-	-	-	-	-	-
Accounts	466	685	7,135	684	78,737	375	115,512
Prepays	-	-	-	-	-	3,735	-
Due from other funds:							
Total assets	<u>\$ 141,448</u>	<u>\$ 109,579</u>	<u>\$ 34,710</u>	<u>\$ 684</u>	<u>\$ 130,972</u>	<u>\$ 116,477</u>	<u>\$ 123,564</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 1,553	\$ 935	\$ -	\$ 37,649	\$ 127	\$ 57,744
Due to other funds	-	1,100	12,000	-	38,904	85,223	-
Payroll and related liabilities	335	2,122	116	-	3,123	(172)	-
Deposits	-	4,709	-	-	-	-	-
Compensated absences	-	3,364	-	-	778	-	-
Deferred revenue	-	-	-	-	-	19,482	-
Total liabilities	<u>335</u>	<u>12,848</u>	<u>13,051</u>	<u>-</u>	<u>80,454</u>	<u>104,660</u>	<u>57,744</u>
<b>FUND BALANCES</b>							
Unreserved, undesignated	141,113	96,731	21,659	684	50,518	11,817	65,820
Total liabilities and fund balances	<u>\$ 141,448</u>	<u>\$ 109,579</u>	<u>\$ 34,710</u>	<u>\$ 684</u>	<u>\$ 130,972</u>	<u>\$ 116,477</u>	<u>\$ 123,564</u>

**YAMHILL COUNTY, OREGON**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2006**

Economic Development Fund	Corner Restoration Fund	System Development Fund	Title III Fund	Communication Levy Fund	Court Security Fund	Yamhill Emergency Communications District Fund	Extension Service District Fund	Total
\$ 293,056	\$ 665,627	\$ 66,344	\$ 37,902	\$ 12,060	\$ 21,189	\$ 181,769	\$ 32,374	\$ 1,760,305
-	-	-	-	-	-	31,938	14,990	46,928
944	1,902	959	249	(27)	5,077	17,444	4,442	234,584
-	-	-	-	-	-	-	-	3,735
-	-	986	-	-	-	-	-	1,107
<u>\$ 294,000</u>	<u>\$ 667,529</u>	<u>\$ 68,289</u>	<u>\$ 38,151</u>	<u>\$ 12,033</u>	<u>\$ 26,266</u>	<u>\$ 231,151</u>	<u>\$ 51,806</u>	<u>\$ 2,046,659</u>
\$ -	\$ 75	\$ -	\$ 2,384	\$ -	\$ 71	\$ 514	\$ -	\$ 101,052
-	-	-	-	91,043	-	-	-	228,270
599	1,928	-	-	-	1,043	-	-	9,094
-	19,150	-	-	-	-	-	-	23,859
2,035	2,927	-	-	-	2,231	-	-	11,335
-	-	-	-	-	-	30,537	14,346	64,365
<u>2,634</u>	<u>24,080</u>	<u>-</u>	<u>2,384</u>	<u>91,043</u>	<u>3,345</u>	<u>31,051</u>	<u>14,346</u>	<u>437,975</u>
291,366	643,449	68,289	35,767	(79,010)	22,921	200,100	37,460	1,608,684
<u>\$ 294,000</u>	<u>\$ 667,529</u>	<u>\$ 68,289</u>	<u>\$ 38,151</u>	<u>\$ 12,033</u>	<u>\$ 26,266</u>	<u>\$ 231,151</u>	<u>\$ 51,806</u>	<u>\$ 2,046,659</u>

**YAMHILL COUNTY, OREGON**  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	County Clerk's Records Fund	Dog Fund	Law Library Fund	County School Fund	Commission on Children and Families Fund	County Fair Fund
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	191,856	-	-	-	-
Intergovernmental	-	-	-	165,299	483,683	46,456
Charges for services	28,599	31,437	10	-	-	224,535
Fines, fees and forfeitures	-	6,980	74,678	-	-	-
Interest income	5,419	3,901	1,092	919	4,390	3,920
Miscellaneous	-	26,464	62	2,722	-	77,670
Total revenues	<u>34,018</u>	<u>260,638</u>	<u>75,842</u>	<u>168,940</u>	<u>488,073</u>	<u>352,581</u>
<b>EXPENDITURES</b>						
General government	17,133	-	70,237	-	469,731	-
Public safety, jail and sheriff	-	236,520	-	-	-	-
Parks, culture and recreation	-	-	-	-	-	333,693
Education	-	-	-	168,256	-	-
Total expenditures	<u>17,133</u>	<u>236,520</u>	<u>70,237</u>	<u>168,256</u>	<u>469,731</u>	<u>333,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,885</u>	<u>24,118</u>	<u>5,605</u>	<u>684</u>	<u>18,342</u>	<u>18,888</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	16,885	24,118	5,605	684	18,342	18,888
Fund balance - beginning of year	<u>124,228</u>	<u>72,613</u>	<u>16,054</u>	<u>-</u>	<u>32,176</u>	<u>(7,071)</u>
Fund balance - end of year	<u>\$ 141,113</u>	<u>\$ 96,731</u>	<u>\$ 21,659</u>	<u>\$ 684</u>	<u>\$ 50,518</u>	<u>\$ 11,817</u>

**YAMHILL COUNTY, OREGON**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2006**

<u>911</u> Emergency System Fund	Economic Development Fund	Corner Restoration Fund	Systems Development Fund	Title III Fund	Communication Levy Fund	Court Security Fund	Yamhill Emergency Communications District Fund	Extension Service District Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,416	\$ 218,102	\$ 788,518
-	-	-	-	-	-	-	-	-	191,856
195,393	271,143	-	-	240,820	-	-	-	-	1,402,794
-	-	257,260	61,174	-	153,269	-	-	-	756,284
-	-	-	-	-	-	55,255	-	-	136,913
1,073	11,902	24,041	2,851	5,368	527	950	8,035	4,573	78,961
-	-	-	-	-	-	-	-	-	106,918
<u>196,466</u>	<u>283,045</u>	<u>281,301</u>	<u>64,025</u>	<u>246,188</u>	<u>153,796</u>	<u>56,205</u>	<u>578,451</u>	<u>222,675</u>	<u>3,462,244</u>
-	274,004	121,454	-	293,749	112,907	-	587,249	-	1,946,464
187,648	-	-	-	-	-	68,523	-	-	492,691
-	-	-	59,968	-	-	-	-	-	393,661
-	-	-	-	-	-	-	-	260,161	428,417
<u>187,648</u>	<u>274,004</u>	<u>121,454</u>	<u>59,968</u>	<u>293,749</u>	<u>112,907</u>	<u>68,523</u>	<u>587,249</u>	<u>260,161</u>	<u>3,261,233</u>
8,818	9,041	159,847	4,057	(47,561)	40,889	(12,318)	(8,798)	(37,486)	201,011
-	-	-	-	-	13,000	17,492	-	-	30,492
-	-	-	-	-	13,000	17,492	-	-	30,492
8,818	9,041	159,847	4,057	(47,561)	53,889	5,174	(8,798)	(37,486)	231,503
57,002	282,325	483,602	64,232	83,328	(132,899)	17,747	208,898	74,946	1,377,181
<u>\$ 65,820</u>	<u>\$ 291,366</u>	<u>\$ 643,449</u>	<u>\$ 68,289</u>	<u>\$ 35,767</u>	<u>\$ (79,010)</u>	<u>\$ 22,921</u>	<u>\$ 200,100</u>	<u>\$ 37,460</u>	<u>\$ 1,608,684</u>

**YAMHILL COUNTY, OREGON**  
**COUNTY CLERK'S RECORDS FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ 21,000	\$ 21,000	\$ 28,599	\$ 7,599
Investment earnings	1,000	1,000	5,419	4,419
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>34,018</u>	<u>12,018</u>
<b>EXPENDITURES:</b>				
Personal services	15,851	15,851	9,256	6,595
Materials and services	45,075	45,075	7,877	37,198
Capital outlay	12,000	12,000	-	12,000
Total expenditures	<u>72,926</u>	<u>72,926</u>	<u>17,133</u>	<u>55,793</u>
Excess (deficiency) of revenues over (under) expenditures	(50,926)	(50,926)	16,885	67,811
<b>Fund Balance:</b>				
Beginning of year	100,000	100,000	124,228	24,228
End of year	<u>\$ 49,074</u>	<u>\$ 49,074</u>	<u>\$ 141,113</u>	<u>\$ 92,039</u>

**YAMHILL COUNTY, OREGON**

**DOG FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Licenses and permits	\$ 185,600	\$ 185,600	\$ 191,856	\$ 6,256
Charges for services	19,000	19,000	31,437	12,437
Fines and penalties	6,000	6,000	6,980	980
Investment earnings	800	800	3,901	3,101
Other revenue	<u>6,960</u>	<u>6,960</u>	<u>26,464</u>	<u>19,504</u>
Total revenues	<u>218,360</u>	<u>218,360</u>	<u>260,638</u>	<u>42,278</u>
<b>EXPENDITURES:</b>				
Dog control	<u>260,510</u>	<u>260,510</u>	<u>236,520</u>	<u>23,990</u>
Total expenditures	<u>260,510</u>	<u>260,510</u>	<u>236,520</u>	<u>23,990</u>
Excess (deficiency) of revenues over (under) expenditures	(42,150)	(42,150)	24,118	66,268
<b>Fund Balance:</b>				
Beginning of year	<u>42,150</u>	<u>42,150</u>	<u>72,613</u>	<u>30,463</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,731</u>	<u>\$ 96,731</u>

**YAMHILL COUNTY, OREGON**

**LAW LIBRARY FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ 20	\$ 20	\$ 10	\$ (10)
Fines and penalties	66,300	66,300	74,678	8,378
Investment earnings	200	200	1,092	892
Other revenue	70	70	62	(8)
Total revenues	<u>66,590</u>	<u>66,590</u>	<u>75,842</u>	<u>9,252</u>
<b>EXPENDITURES:</b>				
Law library	71,590	73,801	70,237	3,564
Contingency	2,211	-	-	-
Total expenditures	<u>73,801</u>	<u>73,801</u>	<u>70,237</u>	<u>3,564</u>
Excess (deficiency) of revenues over (under) expenditures	(7,211)	(7,211)	5,605	12,816
<b>Fund Balance:</b>				
Beginning of year	<u>7,211</u>	<u>7,211</u>	<u>16,054</u>	<u>8,843</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,659</u>	<u>\$ 21,659</u>

**YAMHILL COUNTY, OREGON**  
**COUNTY SCHOOL FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 170,000	\$ 170,000	\$ 165,299	\$ (4,701)
Investment earnings	500	500	919	419
Other revenue	1,000	1,000	2,722	1,722
Total revenues	<u>171,500</u>	<u>171,500</u>	<u>168,940</u>	<u>(2,560)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>171,500</u>	<u>171,500</u>	<u>168,256</u>	<u>3,244</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	684	684
<b>Fund Balance:</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ 684</u>

**YAMHILL COUNTY, OREGON**  
**COMMISSION ON CHILDREN AND FAMILIES FUND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 722,698	\$ 722,698	\$ 483,683	\$ (239,015)
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>4,390</u>	<u>1,390</u>
Total revenues	<u>725,698</u>	<u>725,698</u>	<u>488,073</u>	<u>(237,625)</u>
<b>EXPENDITURES:</b>				
Commission on children	<u>750,703</u>	<u>750,703</u>	<u>469,731</u>	<u>280,972</u>
Total expenditures	<u>750,703</u>	<u>750,703</u>	<u>469,731</u>	<u>280,972</u>
Excess (deficiency) of revenues over (under) expenditures	(25,005)	(25,005)	18,342	43,347
<b>Fund Balance:</b>				
Beginning of year	<u>34,044</u>	<u>34,044</u>	<u>32,176</u>	<u>(1,868)</u>
End of year	<u>\$ 9,039</u>	<u>\$ 9,039</u>	<u>\$ 50,518</u>	<u>\$ 41,479</u>

**YAMHILL COUNTY, OREGON**  
**COUNTY FAIR FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 46,456	\$ 1,456
Charges for services	222,407	222,407	224,535	2,128
Investment earnings	600	600	3,920	3,320
Other revenue	58,024	58,024	77,670	19,646
Total revenues	<u>326,031</u>	<u>326,031</u>	<u>352,581</u>	<u>26,550</u>
<b>EXPENDITURES:</b>				
County fair	200,024	200,024	194,596	5,428
Event center	137,507	143,007	139,097	3,910
Contingency	5,500	-	-	-
Total expenditures	<u>343,031</u>	<u>343,031</u>	<u>333,693</u>	<u>9,338</u>
Excess (deficiency) of revenues over (under) expenditures	(17,000)	(17,000)	18,888	35,888
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	17,000	17,000	-	(17,000)
Net change in fund balances	-	-	18,888	18,888
<b>Fund Balance:</b>				
Beginning of year	-	-	(7,071)	(7,071)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,817</u>	<u>\$ 11,817</u>

**YAMHILL COUNTY, OREGON**  
**911 EMERGENCY SYSTEM FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 225,000	\$ 225,000	\$ 195,393	\$ (29,607)
Investment earnings	500	500	1,073	573
Total revenues	<u>225,500</u>	<u>225,500</u>	<u>196,466</u>	<u>(29,034)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>225,000</u>	<u>225,000</u>	<u>187,648</u>	<u>37,352</u>
Total expenditures	<u>225,000</u>	<u>225,000</u>	<u>187,648</u>	<u>37,352</u>
Excess (deficiency) of revenues over (under) expenditures	500	500	8,818	8,318
<b>Fund Balance:</b>				
Beginning of year	<u>55,000</u>	<u>55,000</u>	<u>57,002</u>	<u>2,002</u>
End of year	<u>\$ 55,500</u>	<u>\$ 55,500</u>	<u>\$ 65,820</u>	<u>\$ 10,320</u>

**YAMHILL COUNTY, OREGON**  
**ECONOMIC DEVELOPMENT FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 205,000	\$ 205,000	\$ 271,143	\$ 66,143
Investment earnings	4,500	4,500	11,902	7,402
Total revenues	<u>209,500</u>	<u>209,500</u>	<u>283,045</u>	<u>73,545</u>
<b>EXPENDITURES:</b>				
Personal services	36,606	37,506	37,022	484
Materials and services	444,894	443,994	236,982	207,012
Total expenditures	<u>481,500</u>	<u>481,500</u>	<u>274,004</u>	<u>207,496</u>
Excess (deficiency) of revenues over (under) expenditures	(272,000)	(272,000)	9,041	281,041
<b>Fund Balance:</b>				
Beginning of year	<u>272,000</u>	<u>272,000</u>	<u>282,325</u>	<u>10,325</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,366</u>	<u>\$ 291,366</u>

**YAMHILL COUNTY, OREGON**

**CORNER RESTORATION FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 200,561	\$ 200,561	\$ 257,260	\$ 56,699
Investment earnings	6,500	6,500	24,041	17,541
Total revenues	<u>207,061</u>	<u>207,061</u>	<u>281,301</u>	<u>74,240</u>
<b>EXPENDITURES:</b>				
Surveyor	<u>162,389</u>	<u>162,389</u>	<u>121,454</u>	<u>40,935</u>
Excess of revenues over expenditures	44,672	44,672	159,847	115,175
Fund Balance:				
Beginning of year	<u>441,088</u>	<u>441,088</u>	<u>483,602</u>	<u>42,514</u>
End of year	<u>\$ 485,760</u>	<u>\$ 485,760</u>	<u>\$ 643,449</u>	<u>\$ 157,689</u>

**YAMHILL COUNTY, OREGON**  
**SYSTEMS DEVELOPMENT FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ 54,000	\$ 54,000	\$ 61,174	\$ 7,174
Investment earnings	1,000	1,000	2,851	1,851
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>64,025</u>	<u>9,025</u>
<b>EXPENDITURES:</b>				
Materials and services	32,000	32,000	25,708	6,292
Capital outlay	<u>105,000</u>	<u>105,000</u>	<u>34,260</u>	<u>70,740</u>
Total expenditures	<u>137,000</u>	<u>137,000</u>	<u>59,968</u>	<u>77,032</u>
Excess (deficiency) of revenues over (under) expenditures	(82,000)	(82,000)	4,057	86,057
Fund Balance:				
Beginning of year	<u>82,000</u>	<u>82,000</u>	<u>64,232</u>	<u>(17,768)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,289</u>	<u>\$ 68,289</u>

**YAMHILL COUNTY, OREGON**

TITLE III FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 240,000	\$ 240,000	\$ 240,820	\$ 820
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>5,368</u>	<u>2,368</u>
Total revenues	<u>243,000</u>	<u>243,000</u>	<u>246,188</u>	<u>3,188</u>
<b>EXPENDITURES:</b>				
Materials and services	306,000	277,155	277,459	(304)
Capital outlay	<u>12,000</u>	<u>40,845</u>	<u>16,290</u>	<u>24,555</u>
Total expenditures	<u>318,000</u>	<u>318,000</u>	<u>293,749</u>	<u>24,251</u>
Excess (deficiency) of revenues over (under) expenditures	(75,000)	(75,000)	(47,561)	27,439
<b>Fund Balance:</b>				
Beginning of year	<u>75,000</u>	<u>75,000</u>	<u>83,328</u>	<u>8,328</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,767</u>	<u>\$ 35,767</u>

**YAMHILL COUNTY, OREGON**  
**COMMUNICATIONS LEVY FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 153,269	\$ 153,269
Investment earnings	500	500	527	27
Other revenue	<u>99,500</u>	<u>99,500</u>	<u>-</u>	<u>(99,500)</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>153,796</u>	<u>53,796</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>100,000</u>	<u>113,000</u>	<u>112,907</u>	<u>93</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(13,000)</u>	<u>40,889</u>	<u>53,889</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>53,889</u>	<u>53,889</u>
<b>Fund Balance:</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>(132,899)</u>	<u>(132,899)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,010)</u>	<u>\$ (79,010)</u>

**YAMHILL COUNTY, OREGON**

**COURT SECURITY FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Fines and penalties	\$ 49,000	\$ 49,000	\$ 55,255	\$ 6,255
Investment earnings	-	-	950	950
Total revenues	<u>49,000</u>	<u>49,000</u>	<u>56,205</u>	<u>7,205</u>
<b>EXPENDITURES:</b>				
Court security	<u>71,492</u>	<u>71,492</u>	<u>68,523</u>	<u>2,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,492)</u>	<u>(22,492)</u>	<u>(12,318)</u>	<u>10,174</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>22,492</u>	<u>22,492</u>	<u>17,492</u>	<u>(5,000)</u>
Net change in fund balance	-	-	5,174	5,174
<b>Fund Balance:</b>				
Beginning of year	-	-	17,747	17,747
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,921</u>	<u>\$ 22,921</u>

**YAMHILL COUNTY, OREGON**  
**YAMHILL EMERGENCY COMMUNICATIONS DISTRICT FUND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Property taxes	\$ 575,940	\$ 575,940	\$ 570,416	\$ (5,524)
Investment earnings	2,500	2,500	8,035	5,535
Total revenues	<u>578,440</u>	<u>578,440</u>	<u>578,451</u>	<u>11</u>
<b>EXPENDITURES:</b>				
Materials and services	464,166	464,166	445,277	18,889
Debt service	141,972	141,972	141,972	-
Contingency	5,713	5,713	-	5,713
Total expenditures	<u>611,851</u>	<u>611,851</u>	<u>587,249</u>	<u>24,602</u>
Excess (deficiency) of revenues over (under) expenditures	(33,411)	(33,411)	(8,798)	24,613
<b>Fund Balance:</b>				
Beginning of year	<u>204,887</u>	<u>204,887</u>	<u>208,898</u>	<u>4,011</u>
End of year	<u>\$ 171,476</u>	<u>\$ 171,476</u>	<u>\$ 200,100</u>	<u>\$ 28,624</u>

**YAMHILL COUNTY, OREGON**  
**EXTENSION SERVICE DISTRICT FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Property taxes	\$ 226,787	\$ 226,787	\$ 218,102	\$ (8,685)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>4,573</u>	<u>2,573</u>
Total revenues	<u>228,787</u>	<u>228,787</u>	<u>222,675</u>	<u>(6,112)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>261,187</u>	<u>261,187</u>	<u>260,161</u>	<u>1,026</u>
Total expenditures	<u>261,187</u>	<u>261,187</u>	<u>260,161</u>	<u>1,026</u>
Excess (deficiency) of revenues over (under) expenditures	(32,400)	(32,400)	(37,486)	(5,086)
<b>Fund Balance:</b>				
Beginning of year	<u>87,347</u>	<u>87,347</u>	<u>74,946</u>	<u>(12,401)</u>
End of year	<u>\$ 54,947</u>	<u>\$ 54,947</u>	<u>\$ 37,460</u>	<u>\$ (17,487)</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

*Bicycle and Footpath Fund* - This fund is used to construct and maintain bike paths throughout the County. Primary funding for this program comes from the 1% of the state gas tax money dedicated to bike and pedestrian paths.

*Road Capital Project Fund* - This fund contains money for road improvement projects to be constructed in the coming years. This program is funded by bond sale proceeds plus interest earnings on those monies.

*Motor Vehicles Replacement Fund* - This fund accounts for purchases of replacement vehicles for the County motor pool. Revenues are derived from a mileage service charge levied on County departments using motor pool vehicles.

**YAMHILL COUNTY, OREGON**  
 Combining Balance Sheet  
 Nonmajor Capital Project Funds  
 June 30, 2006

	Bicycle & Footpath Fund	Motor Vehicles Replacement Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 272,005	\$ 830,543	\$ 1,102,548
Receivables:			
Accounts	4,355	2,830	7,185
Due from other funds	-	541	541
Total assets	<u>\$ 276,360</u>	<u>\$ 833,914</u>	<u>\$ 1,110,274</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated	<u>\$ 276,360</u>	<u>\$ 833,914</u>	<u>\$ 1,110,274</u>
Total liabilities and fund balances	<u>\$ 276,360</u>	<u>\$ 833,914</u>	<u>\$ 1,110,274</u>

**YAMHILL COUNTY, OREGON**  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2006

	Bicycle & Footpath Fund	Road Capital Project Fund	Motor Vehicles Replacement Fund	Total
<b>REVENUES:</b>				
Intergovernmental	\$ 43,265	\$ -	\$ -	\$ 43,265
Charges for services	-	-	222,506	222,506
Interest income	10,004	-	30,102	40,106
Miscellaneous	-	-	12,981	12,981
Total revenues	<u>53,269</u>	<u>-</u>	<u>265,589</u>	<u>318,858</u>
<b>EXPENDITURES</b>				
General government	-	-	183,519	183,519
Public safety	4,288	-	-	4,288
Total expenditures	<u>4,288</u>	<u>-</u>	<u>183,519</u>	<u>187,807</u>
Excess of revenues over (under) expenditures	<u>48,981</u>	<u>-</u>	<u>82,070</u>	<u>131,051</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(129)	-	(129)
Net change in fund balance	48,981	(129)	82,070	130,922
Fund balance - beginning	<u>227,379</u>	<u>129</u>	<u>751,844</u>	<u>979,352</u>
Fund balance - ending	<u>\$ 276,360</u>	<u>\$ -</u>	<u>\$ 833,914</u>	<u>\$ 1,110,274</u>

**YAMHILL COUNTY, OREGON**  
**BICYCLE AND FOOTPATH FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 43,000	\$ 43,000	\$ 43,265	\$ 265
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>10,004</u>	<u>6,504</u>
Total revenues	<u>46,500</u>	<u>46,500</u>	<u>53,269</u>	<u>6,769</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>274,374</u>	<u>274,374</u>	<u>4,288</u>	<u>270,086</u>
Excess (deficiency) of revenues over (under) expenditures	(227,874)	(227,874)	48,981	276,855
<b>Fund Balance:</b>				
Beginning of year	<u>227,874</u>	<u>227,874</u>	<u>227,379</u>	<u>(495)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,360</u>	<u>\$ 276,360</u>

**YAMHILL COUNTY, OREGON**  
**MOTOR VEHICLE REPLACEMENT FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ 210,620	\$ 210,620	\$ 222,506	\$ 11,886
Investment earnings	17,000	17,000	30,102	13,102
Other revenue	<u>95,300</u>	<u>95,300</u>	<u>12,981</u>	<u>(82,319)</u>
Total revenues	<u>322,920</u>	<u>322,920</u>	<u>265,589</u>	<u>(57,331)</u>
<b>EXPENDITURES:</b>				
Materials and services	64,230	64,230	51,139	13,091
Capital outlay	<u>881,788</u>	<u>881,788</u>	<u>132,380</u>	<u>749,408</u>
Total expenditures	<u>946,018</u>	<u>946,018</u>	<u>183,519</u>	<u>762,499</u>
Excess (deficiency) of revenues over (under) expenditures	(623,098)	(623,098)	82,070	705,168
<b>Fund Balance:</b>				
Beginning of year	<u>751,412</u>	<u>751,412</u>	<u>751,844</u>	<u>432</u>
End of year	<u>\$ 128,314</u>	<u>\$ 128,314</u>	<u>\$ 833,914</u>	<u>\$ 705,600</u>

**YAMHILL COUNTY, OREGON**  
**ROAD CAPITAL PROJECT FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
<b>EXPENDITURES:</b>				
Materials and services	50,000	50,000	-	50,000
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(130)	(130)	(129)	1
Net change in fund balances	(130)	(130)	(129)	1
<b>Fund Balance:</b>				
Beginning of year	130	130	129	(1)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

## **ENTERPRISE FUND**

*Cove Orchard Sewer Service District Fund* – This fund was established in 1984 to construct and operate a sewage facility in the Cove Orchard community. The primary revenue source for this fund is derived from user fees.

**YAMHILL COUNTY, OREGON**  
Cove Orchard Sewer Service District Fund  
Statement of Net Assets  
June 30, 2006

**ASSETS**

Current assets:

Cash and investments	\$ 91,744
Accounts receivable	257
Total current assets	<u>92,001</u>

Capital assets, net	<u>279,767</u>
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Total assets	<u>371,768</u>
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**LIABILITIES**

Current liabilities:

Account payable	710
Deposits payable	<u>3,200</u>
Total current liabilities	<u>3,910</u>

**NET ASSETS**

Invested in capital assets, net of related debt	279,767
Unrestricted	<u>88,091</u>
Total net assets	<u>\$ 367,858</u>

**YAMHILL COUNTY, OREGON**  
 Cove Orchard Sewer Service District Fund  
 Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual  
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjustment To GAAP Basis Actual	GAAP Basis
<b>OPERATING REVENUES:</b>						
Charges for services	45,160	45,160	46,903	1,743	-	46,903
Other revenue	-	-	388	388	-	388
Total revenues	<u>45,160</u>	<u>45,160</u>	<u>47,291</u>	<u>2,131</u>	<u>-</u>	<u>47,291</u>
<b>OPERATING EXPENSES:</b>						
Materials and services	43,850	58,850	45,425	13,425	-	45,425
Capital outlay	6,000	6,000	-	6,000	-	-
Contingency	78,510	63,510	-	63,510	-	-
Depreciation	-	-	-	-	51,997	51,997
Total operating expenses	<u>128,360</u>	<u>128,360</u>	<u>45,425</u>	<u>82,935</u>	<u>51,997</u>	<u>97,422</u>
Operating income (Loss)	<u>(83,200)</u>	<u>(83,200)</u>	<u>1,866</u>	<u>85,066</u>	<u>(51,997)</u>	<u>(50,131)</u>
<b>NONOPERATING REVENUES:</b>						
Interest income	1,200	1,200	3,578	2,378	-	3,578
Total nonoperating revenues	<u>1,200</u>	<u>1,200</u>	<u>3,578</u>	<u>2,378</u>	<u>-</u>	<u>3,578</u>
Change in fund balance / net assets	(82,000)	(82,000)	5,444	87,444	(51,997)	(46,553)
Fund balance / net assets - beginning of year	82,000	82,000	83,122	1,122	331,289	414,411
Fund balance / net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,566</u>	<u>\$ 88,566</u>	<u>\$ 279,292</u>	<u>\$ 367,858</u>

**YAMHILL COUNTY, OREGON**  
Cove Orchard Sewer Service District Fund  
Statement of Cash Flows  
For the Year Ended June 30, 2006

Cash flows from operating activities:	
Receipts from customers and users	\$ 47,184
Payments to suppliers	<u>(45,599)</u>
Net cash provided by operating activities	<u>1,585</u>
 Cash flows from investing activities:	
Interest on investments	<u>3,578</u>
 Net increase (decrease) in cash and cash equivalents	5,163
 Cash and cash equivalents - beginning of year	<u>86,581</u>
 Cash and cash equivalents - ending of year	<u><u>\$ 91,744</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (50,131)
Depreciation	51,997
Change in accounts receivable	(107)
Change in accounts payables	<u>(174)</u>
Cash provided (used) by operating activities	<u><u>\$ 1,585</u></u>

## **INTERNAL SERVICE FUNDS**

*Self-Insurance Fund* - A reserve fund which accounts for costs of the County to meet the deductible of the County's insurance policies. The funds come from internal service charges.

*Telecommunications Fund* - This fund includes monies raised by Yamhill Telecommunication. Operations provide phone service for the County, City of McMinnville, and Extension Service District fund. The Telecommunications fund coordinates all expenses and revenue for telecommunications service carriers and vendors.

**YAMHILL COUNTY, OREGON**  
Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2006

	Telecommunications Fund	Self-Insurance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 208,817	\$ 635,331	\$ 844,148
Accounts receivable	10,913	30,692	41,605
Due from other funds	78	497,515	497,593
Total current assets	<u>219,808</u>	<u>1,163,538</u>	<u>1,383,346</u>
Capital assets, net	<u>16,004</u>	<u>-</u>	<u>16,004</u>
Total assets	<u>235,812</u>	<u>1,163,538</u>	<u>1,399,350</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,985	3,283	6,268
Payroll and related liabilities	<u>8,217</u>	<u>-</u>	<u>8,217</u>
Total current liabilities	<u>11,202</u>	<u>3,283</u>	<u>14,485</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	16,004	-	16,004
Unrestricted	<u>208,606</u>	<u>1,160,255</u>	<u>1,368,861</u>
Total net assets	<u>\$ 224,610</u>	<u>\$ 1,160,255</u>	<u>\$ 1,384,865</u>

**YAMHILL COUNTY, OREGON**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2006**

	Telecommunications Fund	Self-Insurance Fund	Total
Operating revenues:			
Charges for services	\$ 415,920	\$ 740,517	\$ 1,156,437
Operating expenses:			
Personal services	112,802	-	112,802
Materials and services	177,710	835,773	1,013,483
Debt service - lease payment	582	-	582
Depreciation	10,023	-	10,023
Total operating expenses	<u>301,117</u>	<u>835,773</u>	<u>1,136,890</u>
Total operating income (loss)	<u>114,803</u>	<u>(95,256)</u>	<u>19,547</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue	-	48,415	48,415
Interest income	5,767	17,126	22,893
Transfers in	-	48,936	48,936
Total nonoperating revenues (expenses)	<u>5,767</u>	<u>114,477</u>	<u>120,244</u>
Change in net assets	120,570	19,221	139,791
Net assets - beginning	<u>104,040</u>	<u>1,141,034</u>	<u>1,245,074</u>
Net assets - ending	<u>\$ 224,610</u>	<u>\$ 1,160,255</u>	<u>\$ 1,384,865</u>

**YAMHILL, COUNTY, OREGON**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2006

	Telecommunications Fund	Self-Insurance Fund	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 420,243	\$ 745,902	\$ 1,166,145
Payments to employees	(109,185)	-	(109,185)
Payments to suppliers	(175,307)	(851,017)	(1,026,324)
Net cash provided (used) by operating activities	<u>135,751</u>	<u>(105,115)</u>	<u>30,636</u>
<b>Cash flows from noncapital financing activities:</b>			
Intergovernmental	-	48,415	48,415
Transfers in	-	48,936	48,936
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>97,351</u>	<u>97,351</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on capital leases	<u>(24,277)</u>	-	<u>(24,277)</u>
Net cash (used) by capital financing activities	<u>(24,277)</u>	<u>-</u>	<u>(24,277)</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>5,767</u>	<u>17,126</u>	<u>22,893</u>
Net increase (decrease) in cash and cash equivalents	117,241	9,362	126,603
Cash and cash equivalents - beginning of year	<u>91,576</u>	<u>625,969</u>	<u>717,545</u>
Cash and cash equivalents - end of year	<u>\$ 208,817</u>	<u>\$ 635,331</u>	<u>\$ 844,148</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 114,803	\$ (95,256)	\$ 19,547
Depreciation	10,023	-	10,023
Change in accounts receivable	4,323	5,385	9,708
Change in accounts payable	2,985	(15,244)	(12,259)
Change in accrued payroll	3,617	-	3,617
Cash provided (used) by operating activities	<u>\$ 135,751</u>	<u>\$ (105,115)</u>	<u>\$ 30,636</u>

**YAMHILL COUNTY, OREGON**  
**Telecommunications Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual**  
**For the Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjustment To GAAP Basis Actual	GAAP Basis Actual
<b>REVENUES:</b>						
User fees	\$ 382,476	\$ 382,476	\$ 415,920	\$ 33,444	\$ -	\$ 415,920
<b>OPERATING EXPENSES:</b>						
Telecommunications	402,833	402,833	315,371	87,462	(24,277)	291,094
Depreciation	-	-	-	-	10,023	10,023
Total operating expenses	402,833	402,833	315,371	87,462	(14,254)	301,117
Operating income (loss)	(20,357)	(20,357)	100,549	120,906	14,254	114,803
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	-	-	5,767	5,767	-	5,767
Total nonoperating revenues (expenses)	-	-	5,767	5,767	-	5,767
Change in fund balance / net assets	(20,357)	(20,357)	106,316	126,673	14,254	120,570
Fund balance / net assets - beginning of year	20,357	20,357	103,619	83,262	421	104,040
Fund balance / net assets - end of year	\$ -	\$ -	\$ 209,935	\$ 209,935	\$ 14,675	\$ 224,610

**YAMHILL COUNTY, OREGON**  
**Self-Insurance Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Balance / Net Assets - Budget and Actual**  
**For the Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjustment To GAAP Basis Actual	GAAP Basis
<b>OPERATING REVENUES:</b>						
Insurance premiums	\$ 616,000	\$ 616,000	\$ 740,517	\$ 124,517	\$ -	\$ 740,517
<b>OPERATING EXPENSES:</b>						
Materials and services	1,255,810	1,255,810	835,773	420,037	-	835,773
Capital outlay	10,000	10,000	-	10,000	-	-
Contingency	130,000	130,000	-	130,000	-	-
Total operating expenses	<u>1,395,810</u>	<u>1,395,810</u>	<u>835,773</u>	<u>560,037</u>	<u>-</u>	<u>835,773</u>
Operating Income (Loss)	<u>(779,810)</u>	<u>(779,810)</u>	<u>(95,256)</u>	<u>684,554</u>	<u>-</u>	<u>(95,256)</u>
<b>NONOPERATING REVENUES:</b>						
Intergovernmental revenue	-	-	48,415	48,415	-	48,415
Interest income	14,000	14,000	17,126	3,126	-	17,126
Transfer in	97,872	97,872	48,936	(48,936)	-	48,936
Total nonoperating revenues	<u>111,872</u>	<u>111,872</u>	<u>114,477</u>	<u>2,605</u>	<u>-</u>	<u>114,477</u>
Change in fund balance / net assets	<u>(667,938)</u>	<u>(667,938)</u>	<u>19,221</u>	<u>687,159</u>	<u>-</u>	<u>19,221</u>
Fund balance / net assets beginning of year	<u>1,231,800</u>	<u>1,231,800</u>	<u>1,141,034</u>	<u>(90,766)</u>	<u>-</u>	<u>1,141,034</u>
Fund balance / net assets end of year	<u>\$ 563,862</u>	<u>\$ 563,862</u>	<u>\$ 1,160,255</u>	<u>\$ 596,393</u>	<u>-</u>	<u>\$ 1,160,255</u>

## AGENCY FUNDS

*Unsegregated Tax and Interest Fund* - This fund is for the deposit of property taxes collected by the County Tax Collector prior to distribution to all districts. The monies are deposited in interest bearing accounts, the earnings from which are distributed. In November, distributions are made to the districts on a weekly basis with distributions occurring on a monthly basis for the remainder of the year.

*Holding Trust Fund* - This fund is for the deposit of money confiscated during narcotics-related arrests. Funds are held in trust pending trial outcome. The fund also contains bail amounts for prisoners from other counties; these funds are owed to those counties.

*Assessment and Mapping Fund* - This fund holds money collected for the Oregon Department of Revenue. It funds the Oregon Land Information System Fund (OLIS), the County Assessment and Taxation Fund and the County Assessment grants.

**YAMHILL COUNTY, OREGON**  
Agency Funds  
Combining Balance Sheet  
June 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<b>Unsegregated Tax and Interest Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 1,572,380	\$ 63,718,923	\$ 61,438,376	\$ 3,852,927
State school receivable	562,532	-	562,532	-
Property taxes receivable	4,029,463	77,346,662	77,557,607	3,818,518
<b>Total assets</b>	<b>\$ 6,164,375</b>	<b>\$141,065,585</b>	<b>\$139,558,515</b>	<b>\$ 7,671,445</b>
<b>Liabilities</b>				
Due to other governments	\$ 6,164,375	\$141,065,585	\$139,558,515	\$ 7,671,445
<b>Holding Trust Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 442,556	\$ -	\$ 220,016	\$ 222,540
<b>Liabilities</b>				
Amounts held in trust	\$ 442,556	\$ -	\$ 220,016	\$ 222,540
<b>Assessment &amp; Mapping Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 134,385	\$ 569,104	\$ 701,599	\$ 1,890
<b>Liabilities</b>				
Due to other governments	\$ 134,385	\$ 569,104	\$ 701,599	\$ 1,890
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 2,149,321	\$ 64,288,027	\$ 62,359,991	\$ 4,077,357
State school receivable	562,532	-	562,532	-
Property taxes receivable	4,029,463	77,346,662	77,557,607	3,818,518
<b>Total assets</b>	<b>\$ 6,741,316</b>	<b>\$141,634,689</b>	<b>\$140,480,130</b>	<b>\$ 7,895,875</b>
<b>Liabilities</b>				
Due to other governments	\$ 6,298,760	\$141,634,689	\$140,260,114	\$ 7,673,335
Amounts held in trust	442,556	-	220,016	222,540
<b>Total liabilities</b>	<b>\$ 6,741,316</b>	<b>\$141,634,689</b>	<b>\$140,480,130</b>	<b>\$ 7,895,875</b>

**STATISTICAL SECTION**

**YAMHILL COUNTY, OREGON**  
**SCHEDULE OF CASH ON HAND AND CASH TRANSACTIONS OF INDEPENDENTLY**  
**ELECTED OFFICIALS**  
**For the Year Ended June 30, 2006**

	Total Cash and Cash Equivalents June 30, 2005	Cash Receipts	Cash Disbursements and Refunds	Turned to Treasurer	Total Cash and Cash Equivalents June 30, 2006	Classification of Cash and Cash Equivalents at June 30, 2006				
						Cash on Hand	Checking	Unsegregated Tax Accts	Local Government Investment Pool	Total
	\$ 350	\$ 16,570	\$ -	\$ 16,570	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ 350
Commissioners	1,100	1,510,721	-	1,510,721	1,100	-	-	-	-	1,100
Attorney	4,726	31,187,222	-	31,188,773	3,175	-	-	-	-	3,175
	1,000	459,479	-	459,479	1,000	-	-	-	-	1,000
	1,010	1,549,876	-	1,549,876	1,010	-	-	-	-	1,010
	100	60,610	-	60,610	100	-	-	-	-	100
	33,472,399	76,880,770	81,588,993	-	28,764,176	600	985,418	3,995,675	23,782,483	28,764,176
	\$ 33,480,685	\$ 111,665,248	\$ 81,588,993	\$ 34,786,029	\$ 28,770,911	\$ 7,335	\$ 985,418	\$ 3,995,675	\$ 23,782,483	\$ 28,770,911

**YAMHILL COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006**

TAX YEAR	PROPERTY TAXES RECEIVABLE JULY 1, 2005	ADD LEVY AS EXTENDED BY ASSESSOR	ADD (DEDUCT) CORRECTIONS ADJUSTMENTS	DEDUCT CASH COLLECTIONS	DEDUCT DISCOUNTS ALLOWED	PROPERTY TAXES RECEIVABLE JUNE 30, 2006
2005-06	\$ -	\$ 77,442,877	\$ (96,216)	\$ (72,752,184)	\$ (1,921,185)	\$ 2,673,292
2004-05	2,781,558	-	(94,291)	(1,775,437)	-	911,830
2003-04	1,031,753	-	(55,684)	(455,018)	-	521,051
2002-03	555,880	-	(19,618)	(297,362)	-	238,900
2001-02	255,711	-	(74,422)	(100,497)	-	80,792
2000-01	83,052	-	(70,899)	49,100	-	61,253
1999-2000	43,880	-	(69,890)	57,973	-	31,963
Prior	192,054	-	(298,206)	280,389	-	174,237
Subtotal	4,943,888	-	(683,010)	(2,240,852)	-	2,020,025
<b>TOTAL</b>	<b>\$ 4,943,888</b>	<b>\$ 77,442,877</b>	<b>\$ (779,226)</b>	<b>\$ (74,993,036)</b>	<b>\$ (1,921,185)</b>	<b>\$ 4,693,317</b>

**TAXES RECEIVABLE CLASSIFIED BY FUND**

GENERAL FUND	\$ 809,316
LAW ENFORCEMENT FUND	7,312
TRANSPORTATION FUND	575
CAPITAL IMPROVEMENT FUND	4,902
EXTENSION SERVICE DISTRICT	14,990
YAMHILL EMERGENCY COMMUNICATIONS DISTRICT FUND	31,938
JUVENILE LEVY	4,278
JAIL BOND	1,489
AGENCY FUND	3,818,518
<b>TOTAL</b>	<b>\$ 4,693,318</b>

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

**Yamhill County, Oregon**  
**Net Assets by Component**  
**Last Three Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year		
	2003-04	2004-05	2005-06
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 11,101,985	\$ 181,814,230	\$ 188,760,807
Restricted	12,609,562	24,723,106	19,034,559
Unrestricted	6,393,619	6,348,718	7,010,231
<b>Total governmental activities net assets</b>	<b><u>\$ 30,105,166</u></b>	<b><u>\$ 212,886,054</u></b>	<b><u>\$ 214,805,597</u></b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 383,761	\$ 331,764	\$ 279,767
Restricted	-	-	-
Unrestricted	77,794	82,647	88,091
<b>Total business-type activities net assets</b>	<b><u>\$ 461,555</u></b>	<b><u>\$ 414,411</u></b>	<b><u>\$ 367,858</u></b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 11,485,746	\$ 182,145,994	\$ 189,040,574
Restricted	12,609,562	24,723,106	19,034,559
Unrestricted	6,471,413	6,431,365	7,098,322
<b>Total primary government activities net assets</b>	<b><u>\$ 30,566,721</u></b>	<b><u>\$ 213,300,465</u></b>	<b><u>\$ 215,173,455</u></b>

Note: Accrual-basis financial information for the County government as a whole is available back to fiscal year 2003 - 2004 only, the year GASB Statement 34 was implemented.

**Yamhill County, Oregon**  
**Changes in Net Assets, Last Three Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year		
	2003-04	2004-05	2005-06
<b>Expenses</b>			
<b>Governmental Activities</b>			
General Government	\$ 12,292,046	\$ 12,364,916	\$ 10,497,241
Public Safety	11,822,770	12,803,510	13,874,535
Highways and Streets	5,122,731	20,425,123	17,591,972
Health and Sanitation	11,480,486	10,926,544	14,441,855
Parks, cultural and recreation	474,151	550,989	493,974
Education	366,370	394,740	428,417
<b>Total governmental activities expenses</b>	<b>41,558,554</b>	<b>57,465,822</b>	<b>57,327,994</b>
<b>Business-type Activities</b>			
Sewer	123,695	98,961	97,422
<b>Total Business-type activities expenses</b>	<b>123,695</b>	<b>98,961</b>	<b>97,422</b>
<b>Total primary government expenses</b>	<b>\$ 41,682,249</b>	<b>\$ 57,564,783</b>	<b>\$ 57,425,416</b>
<b>Program Revenues</b>			
<b>Governmental Activities:</b>			
<b>Charges for services:</b>			
General Government	\$ 5,337,995	\$ 3,461,123	\$ 3,686,823
Public Safety	1,458,501	1,482,950	2,382,627
Highways and Streets	651,918	736,310	336,378
Health and Sanitation	5,250,263	5,840,215	6,155,093
Parks, cultural and recreation	301,104	330,550	391,760
Education	999	1,026	2,722
Operating grants and contributions	18,190,742	35,343,715	19,829,841
Capital grants and contributions	245,322	285,322	431,564
<b>Total governmental activities program revenues</b>	<b>31,436,844</b>	<b>47,481,211</b>	<b>33,216,808</b>
<b>Business-type Activities:</b>			
Sewer	88,630	50,033	47,291
<b>Total business-type activities program revenues</b>	<b>88,630</b>	<b>50,033</b>	<b>47,291</b>
<b>Total primary government program revenues</b>	<b>\$ 31,525,474</b>	<b>\$ 47,531,244</b>	<b>\$ 33,264,099</b>
<b>Net (Expense)/Revenue</b>			
<b>Governmental Activities</b>	<b>\$(10,121,710)</b>	<b>\$(9,984,611)</b>	<b>\$(24,111,186)</b>
<b>Business-type Activities</b>	<b>(35,065)</b>	<b>(48,928)</b>	<b>(50,131)</b>
<b>Total Primary Government net expense</b>	<b>\$(10,156,775)</b>	<b>\$(10,033,539)</b>	<b>\$(24,161,317)</b>
<b>General Revenues and other Changes in Net Assets</b>			
<b>Governmental activities:</b>			
Taxes	\$ 12,200,013	\$ 13,167,985	\$ 13,390,529
Investment Income	224,643	689,154	1,218,957
Gain/(Loss) on Sale of Assets	89,871	(148,374)	(44,177)
<b>Total Governmental Activities</b>	<b>12,514,527</b>	<b>13,708,765</b>	<b>14,565,309</b>
<b>Business-type Activities:</b>			
Investment Earnings	768	1,784	3,578
<b>Total Business-type Activities</b>	<b>768</b>	<b>1,784</b>	<b>3,578</b>
<b>Total Primary Government</b>	<b>\$ 12,515,295</b>	<b>\$ 13,710,549</b>	<b>\$ 14,568,887</b>
<b>Change in Net Assets</b>			
<b>Governmental Activities</b>	<b>\$ 2,392,817</b>	<b>\$ 3,724,154</b>	<b>\$ (9,545,877)</b>
<b>Business-type Activities</b>	<b>(34,297)</b>	<b>(47,144)</b>	<b>(46,553)</b>
<b>Total Primary Government</b>	<b>\$ 2,358,520</b>	<b>\$ 3,677,010</b>	<b>\$ (9,592,430)</b>

Note: accrual-basis financial information for the County government as a whole is only available back to fiscal year 2003-2004, the year GASB Statement 34 was implemented.

**Yamhill County, Oregon**  
**Fund Balances, Governmental Funds**  
**Last Three Fiscal years**  
*(modified accrual basis of accounting)*

	Fiscal Year		
	2003-04	2004-05	2005-06
General Fund			
Reserved	\$ -	\$ -	\$ -
Unreserved	4,144,063	4,243,449	4,804,467
<b>Total General Fund</b>	<b>\$ 4,144,063</b>	<b>\$ 4,243,449</b>	<b>\$ 4,804,467</b>
All other Governmental Funds			
Reserved	\$ 12,609,562	\$ 24,723,107	\$ 10,109,915
Unreserved, reported in:			
Special Revenue Funds	-	-	8,164,010
Capital Projects Funds	-	-	760,634
<b>Total all other Governmental Funds</b>	<b>\$ 12,609,562</b>	<b>\$ 24,723,107</b>	<b>\$ 19,034,559</b>

Note: Due to changes in the County's fund structure connected with the implementation of GASB Statement 34, fund balance information is available back to fiscal year 2003-2004 only.



**Yamhill County, Oregon**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year ended June 30,	Real Property	Personal Property	Manufactured Structures	Utilities	Total Assessed Value	Direct Tax Rate	Total		Assessed Value as a Percentage of Actual Value
							Estimated Value	Actual Value	
1997	\$ 3,417,790,375	\$ 126,983,470	\$ 114,018,798	\$ 108,497,816	\$ 3,767,290,459	2.57	\$ 3,767,290,459	\$ 3,767,290,459	100%
1998	N/A	N/A	N/A	N/A	3,368,677,113	2.65	4,304,542,070	4,304,542,070	78%
1999(1)	3,184,026,740	127,704,351	101,665,548	129,041,015	3,542,437,654	2.66	4,522,684,966	4,522,684,966	78%
2000(1)	3,397,559,949	140,124,864	103,206,081	138,113,489	3,779,004,383	2.54	4,814,053,440	4,814,053,440	78%
2001(1)	3,627,099,665	142,759,959	105,814,011	151,012,674	4,026,686,309	2.57	5,207,470,589	5,207,470,589	77%
2002(1)	3,777,994,247	144,118,894	106,789,908	168,495,450	4,197,398,499	2.60	5,335,969,335	5,335,969,335	79%
2003(1)	4,046,825,015	141,576,969	100,626,358	160,850,039	4,449,878,381	2.59	5,625,116,967	5,625,116,967	79%
2004(1)	4,135,397,460	150,804,129	84,663,107	164,159,164	4,535,023,860	2.59	5,823,658,129	5,823,658,129	78%
2005(1)	4,459,045,210	158,601,425	82,670,258	169,556,675	4,869,873,568	2.60	6,587,912,665	6,587,912,665	74%
2006(1)	4,782,455,764	158,087,794	82,354,639	172,671,831	5,195,570,028	2.59	7,227,961,221	7,227,961,221	72%

Source: Yamhill County Assessor

(1) Due to a petition initiative, assessed values were established at a base level in 1997.

**Yamhill County, Oregon**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

	Year Taxes Are Payable									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>County Direct Rates</b>	\$ 2.57	\$ 2.65	\$ 2.66	\$ 2.54	\$ 2.57	\$ 2.60	\$ 2.59	\$ 2.59	\$ 2.60	\$ 2.59
<b>City Rates</b>	3.25	3.82	4.87	5.14	4.89	5.22	5.22	5.22	5.06	5.02
<b>Fire District Rates</b>	0.90	0.90	0.80	0.87	0.87	0.87	0.85	0.85	0.90	0.84
<b>School District Rates</b>	11.07	6.53	7.41	7.31	7.11	7.04	6.92	6.92	6.98	7.11
<b>Service District Rates</b>	0.09	0.09	0.08	0.03	0.08	0.18	0.17	0.17	0.18	0.18
<b>College District Rates</b>	1.06	0.64	0.69	0.43	0.66	0.45	0.44	0.44	0.52	0.52

Source: Yamhill County Department of Assessment and Taxation.  
Tax rates are per \$1,000 of assessed valuation before adjustment for property tax limitation.

School District rates after 1996 are adjusted for property tax limitation.

**Yamhill County, Oregon**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	Fiscal Year 2006			Fiscal Year 1997		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Southeast Paper Mfg Co	\$ 197,550,030	1	3.80%	\$ 110,565,411	1	2.93%
Portland General Electric	68,739,000	2	1.32%	44,358,300	3	1.18%
Verizon Northwest Inc	46,768,800	3	0.90%	33,749,923	4	0.90%
Cascade Steel	41,483,972	4	0.80%	80,171,822	2	2.13%
Austin, George K., Jr & Joan D.	38,354,757	5	0.74%	27,033,469	5	0.72%
Willamette Valley Medical Center	34,449,774	6	0.66%	12,529,568	7	0.33%
NW Natural Gas	31,391,800	7	0.60%	9,558,318	10	0.25%
Williamina Lumber	20,607,041	8	0.40%	12,064,123	8	0.32%
HRC McMinnville LLC	15,240,675	9	0.29%	11,797,851	9	0.31%
ADEC Inc	13,055,470	10	0.25%			
LAI Properties	-		-	15,707,521	6	0.42%
<b>Totals</b>	<b>\$ 507,641,319</b>		<b>9.77%</b>	<b>\$ 357,536,306</b>		<b>9.49%</b>

**Yamhill County, Oregon**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal year ended June 30,	Total Tax Levy (A) for		Collected Within the		Collections in		Tax Collections to Date	
	Fiscal Year	Amount	Fiscal Year of the Levy	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy (B)	
1997	\$ 9,768,621	\$ 9,230,051		94.5%	\$ 449,346	\$ 9,679,397	99.1%	
1998	8,993,395	8,513,145		94.7%	424,994	8,938,139	99.4%	
1999	9,309,548	9,076,278		97.5%	438,706	9,514,984	102.2%	
2000	9,706,491	9,151,597		94.3%	439,745	9,591,342	98.8%	
2001	10,468,913	9,814,703		93.8%	412,565	10,227,268	97.7%	
2002	11,133,611	10,268,766		92.2%	484,896	10,753,662	96.6%	
2003	11,548,204	10,990,026		95.2%	497,387	11,487,413	99.5%	
2004	11,724,121	11,022,781		94.0%	313,779	11,336,560	96.7%	
2005	13,459,773	11,811,796		87.8%	483,624	12,295,420	91.3%	
2006	15,155,612	13,522,810		89.2%	400,900	13,923,710	91.9%	

(A) Total tax levy to be collected after adjustments and discounts

(B) May include interest and penalties.

Source: Yamhill County Assessor's Office

Note: This schedule includes only the transactions of the County and not other taxing districts for which the County acts as an agent.

**Yamhill County, Oregon**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal year ended June 30,	General Bonded Debt Outstanding					
	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Taxable Value	Per Capita	
1997	\$ 765,000	\$ 72,267	\$ 692,733	0.02%	\$	8.75
1998	395,000	33,711	361,289	0.01%		4.41
1999	0	0	0	0.00%		0.00
2000	0	0	0	0.00%		0.00
2001	0	0	0	0.00%		0.00
2002	0	0	0	0.00%		0.00
2003	0	0	0	0.00%		0.00
2004	0	0	0	0.00%		0.00
2005	0	0	0	0.00%		0.00
2006	0	0	0	0.00%		0.00

**Yamhill County, Oregon**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds**  
**As of June 30, 2006**

<b>Governmental Unit</b>	<b>Gross Outstanding</b>	<b>Applicable Percent</b>	<b>Applicable Amount</b>
<b>Direct:</b>			
Yamhill County	\$ 1,335,000	100.000%	<u>\$ 1,335,000</u>
<b>Overlapping:</b>			
<b>Cities:</b>			
Amity	\$ 110,060	100.000%	\$ 110,060
Dundee	155,000	100.000%	155,000
McMinnville	9,905,000	100.000%	9,905,000
Newberg	6,405,000	100.000%	6,405,000
Sheridan	50,000	100.000%	50,000
Willamina	142,425	60.048%	85,524
Yamhill	50,622	100.000%	50,622
			<u>\$ 16,761,206</u>
<b>Fire Districts:</b>			
Dayton RFPD	\$ 1,650,000	93.20%	\$ 1,537,795
West Valley FD	1,650,821	54.95%	907,052
			<u>\$ 2,444,847</u>
<b>Park Districts:</b>			
Chehalem Park & Rec	\$ 2,655,000	100.00%	<u>\$ 2,655,000</u>
<b>School Districts:</b>			
#4 Amity	\$ 13,494,099	84.00%	\$ 11,335,381
#8 Dayton	12,988,697	100.00%	12,988,697
#29J Newberg	98,967,246	94.11%	93,141,044
#40 McMinnville	48,995,856	100.00%	48,995,856
#1 Yamhill-Carlton	15,939,011	100.00%	15,939,011
#48J Sheridan	8,975,000	91.75%	8,234,554
#511J Gaston	4,154,053	17.12%	711,095
#1J Hillsboro	228,765,000	0.01%	21,733
#1J Farmington	90,000	0.31%	278
#88J Sherwood	52,592,128	0.07%	38,182
#101 Nestucca Valley	13,755,000	0.11%	14,773
			<u>\$ 191,420,603</u>
<b>Special Districts:</b>			
Yamhill County Housing Authority	\$ 2,345,000	100.00%	<u>\$ 2,345,000</u>
<b>Education Service Districts:</b>			
Willamette ESD	\$ 22,908,333	21.92%	\$ 5,020,705
Northwest Regional ESD	8,270,000	0.07%	5,582
			<u>\$ 5,026,287</u>
<b>Community Colleges:</b>			
Chemeketa Comm College	\$ 72,180,948	14.70%	\$ 10,611,177
Portland Comm College	276,935,000	2.29%	6,330,734
			<u>\$ 16,941,911</u>

Yamhill County, Oregon  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Debt Limit	\$ 75,345,809	\$ 86,080,841	\$ 90,453,699	\$ 96,281,069	\$ 104,149,412	\$ 106,719,387	\$ 112,502,339	\$ 116,473,163	\$ 131,758,253	\$ 103,911,401
Total net Debt Applicable to Limit	765,000	395,000	-	-	-	-	-	1,750,000	1,545,000	1,335,000
Legal Debt Margin	\$ 74,580,809	\$ 85,685,841	\$ 90,453,699	\$ 96,281,069	\$ 104,149,412	\$ 106,719,387	\$ 112,502,339	\$ 114,723,163	\$ 130,213,253	\$ 102,576,401
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	1.03%	0.46%	0.00%	0.00%	0.00%	0.00%	0.00%	1.53%	1.19%	1.30%

Legal Debt Margin Calculation for Fiscal Year 2005-06

Assessed Value	\$ 5,195,570,028
Debt Limit (2% of Assessed Value)	103,911,401
Debt Applicable to Limit	1,335,000
Legal Debt Margin	<u>\$ 102,576,401</u>

**Yamhill County, Oregon**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Personal		Per Capita Income(2)	Median Age(1)	Years of Schooling		School Enrollment(4)	Unemployment Rate (Portland Metro Area)(2)
	Population(1)	Income(1,000)(3)			Formal Schooling	NA		
1997	79,200	\$ 1,816,439	\$ 21,920	*	NA	NA	4.3%	
1998	81,900	1,915,703	22,586	NA	NA	15,342	4.3%	
1999	83,100	1,978,202	23,280	NA	NA	15,316	4.5%	
2000	85,500	2,077,785	23,960	34.1	NA	15,432	4.1%	
2001	86,400	2,163,024	23,431	NA	NA	15,473	5.0%	
2002	87,500	2,246,625	25,088	34.9	NA	15,707	7.5%	
2003	88,150	2,301,717	25,751	34.9	NA	15,770	8.8%	
2004	89,200	2,448,874	27,030	34.9	NA	15,939	6.8%	
2005	90,310	*	*	35.8	13.2	15,878	6.3%	
2006	*	*	*	*	*	16,313	5.0%	

\* Information unavailable

(1) PSU Center for Population Research and Census

(2) State Department of Human Services, Employment Division

(3) Federal Bureau of Economic Analysis

(4) Oregon Department of Education

**Yamhill County, Oregon  
Principal Non-Farm Industries  
Current Year and Nine Years Ago**

Industry	2006			1997		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Manufacturing	6,090	1	20.18%	6,464	1	25.56%
Health Care, Social Assist	3,440	2	11.40%	2,525	3	9.98%
Retail Trade	3,250	3	10.77%	5,211	2	20.60%
Local Education	2,750	4	9.11%	1,921	4	7.60%
Leisure and Hospitality	2,590	5	8.58%	-	-	-
Professional Services	1,980	6	6.56%	1,663	5	6.58%
Construction	1,880	7	6.23%	1,468	6	5.80%
Educational Services	1,640	8	5.43%	1,078	8	4.26%
Local Government	1,570	9	5.20%	1,097	7	4.34%
Financial Activities	1,190	10	3.94%	879	9	3.48%
Wholesale Trade	-	-	-	810	10	3.20%

Source: Oregon Employment

Due to confidentiality, data concerning employees by employers is not available.

**Yamhill County, Oregon**  
**Full-time Equivalent County Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year																																																																																																																																																																																																				
	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06																																																																																																																																																																																											
General Government											Assessment & Taxation	24.13	21.40	17.90	16.00	15.00	15.00	16.00	14.50	17.00	15.68	Records & Elections	6.70	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50	8.00	Technology	5.50	8.83	10.16	10.23	13.50	12.65	11.15	12.00	12.00	11.00	Administration and Finance	25.02	23.80	26.06	28.90	29.19	25.17	26.25	26.93	24.98	25.52	Criminal Justice											District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>
Assessment & Taxation	24.13	21.40	17.90	16.00	15.00	15.00	16.00	14.50	17.00	15.68	Records & Elections	6.70	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50	8.00	Technology	5.50	8.83	10.16	10.23	13.50	12.65	11.15	12.00	12.00	11.00	Administration and Finance	25.02	23.80	26.06	28.90	29.19	25.17	26.25	26.93	24.98	25.52	Criminal Justice											District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>											
Records & Elections	6.70	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50	8.00	Technology	5.50	8.83	10.16	10.23	13.50	12.65	11.15	12.00	12.00	11.00	Administration and Finance	25.02	23.80	26.06	28.90	29.19	25.17	26.25	26.93	24.98	25.52	Criminal Justice											District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																						
Technology	5.50	8.83	10.16	10.23	13.50	12.65	11.15	12.00	12.00	11.00	Administration and Finance	25.02	23.80	26.06	28.90	29.19	25.17	26.25	26.93	24.98	25.52	Criminal Justice											District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																	
Administration and Finance	25.02	23.80	26.06	28.90	29.19	25.17	26.25	26.93	24.98	25.52	Criminal Justice											District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																												
Criminal Justice											District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																							
District Attorney	19.90	18.50	22.40	22.00	24.25	24.00	24.00	24.00	22.00	24.50	Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																		
Sheriff Patrol and Investigation	67.00	69.10	72.25	70.10	66.00	57.00	50.09	42.53	41.73	46.63	Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																													
Jail	36.50	44.00	37.50	38.00	39.00	39.00	38.00	38.00	37.25	39.35	Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																								
Parole & Probation	28.10	26.30	26.20	28.00	29.00	26.00	28.00	22.25	24.00	24.50	Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																			
Juvenile	29.63	34.17	37.35	38.53	34.86	35.24	34.17	32.26	31.78	31.07	Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																														
Parks and Recreation	4.40	4.40	4.40	4.00	5.50	5.00	4.00	3.48	3.48	3.48	Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																																									
Land Use and Planning	19.00	18.90	18.00	17.20	16.05	15.80	15.85	15.05	15.70	18.70	Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																																																				
Infrastructure and Transportation	54.40	55.00	56.00	63.25	58.15	55.64	43.61	42.57	41.19	41.19	Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																																																															
Health and Human Services											Community Health	16.22	15.66	17.89	19.72	16.00	24.50	22.17	21.86	23.78	23.13	Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																																																																										
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Mental Health	62.30	57.07	73.60	80.15	88.45	80.87	94.44	75.23	93.49	95.93	<b>Total</b>	<b>398.80</b>	<b>405.13</b>	<b>427.71</b>	<b>444.08</b>	<b>442.95</b>	<b>423.87</b>	<b>415.73</b>	<b>378.66</b>	<b>396.88</b>	<b>408.68</b>																																																																																																																																																																																
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COMPUTATIONS--taken from budget documents

**Yamhill County, Oregon**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Public Safety</b>										
Jail	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	33	37	41	45	45	34	29	29	27	44
Search and Rescue Vehicles	5	6	6	6	6	3	3	3	4	2
<b>Recreation</b>										
Parks	13	13	13	13	13	15	15	15	15	17
Fairgrounds	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of Paved Roads	381	381	385	385	385	385	385	385	385	386
Miles of Gravel Roads	305	305	286	286	286	283	283	283	283	279

**COMPLIANCE SECTION**



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

To the County Commissioners  
Yamhill County, Oregon

We have audited the financial statements and schedules of Yamhill County, Oregon as of and for the year ended June 30, 2006, and have issued our report thereon dated November 17, 2006. We conducted our audit in accordance with Generally Accepted Auditing Standards and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

Compliance with Legal or Other Requirements -

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

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

Budget - Relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year (see ORS 294.305 to 294.565). The County exceeded budget appropriations as noted at Note II B.

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

Insurance - Relating to insurance and fidelity bond coverage.

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

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

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

1. Overexpended appropriations as noted in Note II. B of the County's financial statements.
2. Noncompliance with collateral requirements for two days during the fiscal year.

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

ISLER CPA

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

Eugene, Oregon  
November 17, 2006

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



County Commissioners  
Yamhill County, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County, Oregon (County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 17, 2006. 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 Yamhill County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

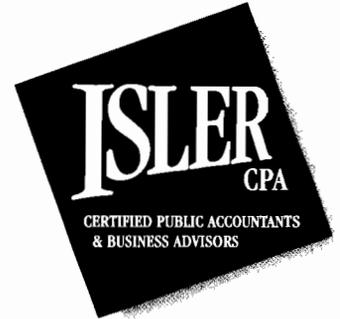
As part of obtaining reasonable assurance about whether Yamhill County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

ISLER CPA

by: Paul R. Nielson  
Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
November 17, 2006

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



County Commissioners  
Yamhill County, Oregon

**Compliance**

We have audited the compliance of Yamhill County, Oregon, ("Yamhill County") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Yamhill County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Yamhill County's management. Our responsibility is to express an opinion on Yamhill County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yamhill 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 Yamhill County's compliance with those requirements.

In our opinion, Yamhill County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2006.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

ISLER CPA

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

Eugene, Oregon  
November 17, 2006

YAMHILL COUNTY, OREGON  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**I. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Yamhill County.
2. No reportable conditions in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Yamhill County were disclosed during the audit.
4. No reportable conditions in internal controls over major programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award program expresses an unqualified opinion.
6. The audit did not disclose any findings that are required to be reported.
7. The programs tested as a major program:
  - i. Schools & Roads – Grants to States CFDA 10.665
  - ii. Child Support Enforcement CFDA 93.563
  - iii. Disaster Grants – Public Assistance ( Presidentially declared Disasters) CFDA 97.036
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The County was determined to be a low-risk auditee.

**II. FINANCIAL STATEMENT FINDINGS**

No findings related to the financial statement.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No matters were reported.

**IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No matters were reported.

YAMHILL COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

	<u>CFDA</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture</b>			
Direct:			
School Breakfast Program	10.553		\$ 20,642
BLM	10.665		8,000
Pass Through Oregon Department of Administrative Services			
Schools and Roads - Grants to States	10.665		<u>777,878</u>
			<u>806,520</u>
<b>Department of Environmental Protection</b>			
Direct:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		53,327
Pass Through State of Oregon			
State Public Water System Supervision	66.432		13,900
Capitalization Grants for Drinking Water State Revolving Funds	66.468		<u>7,000</u>
			<u>74,227</u>
<b>Department of Interior</b>			
Direct:			
Distribution of Receipts to State and Local Governments (O&C Lands)	15.227		<u>827,591</u>
			<u>827,591</u>
<b>Department of Justice</b>			
Direct:			
State Criminal Alien Assistance Program	16.606		11,273
Bulletproof Vest Partnership Program	16.607		5,300
Pass Through State of Oregon:			
Juvenile Accountability Incentive Block Grants	16.523		24,781
Crime Victim Assistance	16.575	01-1525	1,257
CD Drug Free Communities Fed Grant	16.729		98,991
Enforcing Underage Drinking Laws Program	16.727		<u>2,693</u>
			<u>144,295</u>
<b>Department of Transportation</b>			
Direct:			
Formular Grants for Other Than Urbanized Areas	20.509		83,947
Pass Through Oregon State Marine Board			
Boating Safety Financial Assistance	20.005		91,460
Pass Through Oregon State Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	18428	190,115
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		<u>88,851</u>
			<u>454,373</u>
<b>Department of Housing and Urban Development</b>			
Pass Through Housing and Community Services			
Community Development Block Grant/ State's Program	14.228		<u>41,173</u>

YAMHILL COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

	CFDA	Pass Through Number	Federal Expenditures
Department of Education			
Pass through Oregon Department of Health and Human Services:			
Safe and Drug-Free Schools and Communities-State Grants	84.186		50,000
Department of Health and Human Services			
Pass Through State of Oregon			
Promoting Safe and Stable Families	93.556		29,923
Child Care and Development Block Grant	93.575		27,257
Child Support Enforcement	93.563		386,445
Temporary Assistance for Needy Families	93.558		22,565
Abstinence Education Program	93.235		1,173
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283		211,351
Medical Assistance Program	93.778		42,311
Block Grants for Community Mental Health Services	93.958		98,527
Block Grants for Prevention and Treatment of Substance Abuse	93.959		229,006
Maternal and Child Health Services Block Grant to the States	93.994		24,248
Social Services Block Grant	93.667		74,656
			1,147,462
Social Security Administration			
Direct:			
Social Security-Benefits Planning, Assistance, and Outreach Program	96.008		7,400
Department of Homeland Security			
Pass Through State of Oregon			
Law Enforcement Terrorism Prevention Program	97.074		10,738
Disaster Grants - Public Assistance	97.036		219,409
Emergency Management Performance Grants	97.042		31,000
Citizen Corps	97.053		14,522
State Homeland Security Program	97.073		587,933
			863,602
Total			\$ 4,416,643

Note 1 - Basis of Presentation

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