

MORROW COUNTY, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2017

MORROW COUNTY, OREGON

List of Officials
June 30, 2017

COMMISSIONERS:

Melissa Lindsay, Chair
Don Russell, Vice-Chair
Jim Doherty

TITLE:

Commissioner
Commissioner
Commissioner

OTHER ELECTED OFFICIALS:

Michael Gorman
Bobbi Childers
Ken Matlack
Gayle Gutierrez
Ann Spicer
Stephen K. Haddock

Assessor
Clerk
Sheriff
Treasurer
Justice of the Peace
Surveyor

FINANCE DEPARTMENT:

Katherine Knop

Finance Director

ADDRESS:

Courthouse
P. O. Box 867
Heppner, OR 97836
Telephone: 541-676-9061

MORROW COUNTY, OREGON

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Independent Auditors' Report

County Commissioners
Morrow County
Heppner, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of June 30, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and General Road Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages 9-19 and 54-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morrow County, Oregon's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Reports on Other Legal and Regulatory Requirements

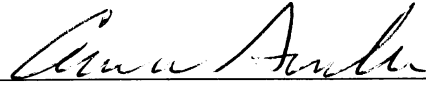
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2017, on our consideration of Morrow County, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Morrow County, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 29, 2017, on our consideration of Morrow County, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By: 
Cameron W. Anderson, Shareholder
December 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORROW COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Morrow County, Oregon, we offer readers of the county's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Morrow County's assets exceeded its liabilities at June 30, 2017, by \$83,835,990 (Net Position). Of this amount, \$3,179,816 may be used to meet the County's ongoing obligations to citizens and creditors.
- The total net position decreased by \$3,804,271 for fiscal year ended June 30, 2017. Of this amount \$3,804,271 was due to the decrease in governmental activities net position. The County had no business-type activities in fiscal year 2016 due to the dissolution of business-type activities in fiscal year 2008.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,487,637, an increase of \$249,625 in comparison to the prior year. Approximately \$5,584,715 is restricted or committed for purposes designated by special revenue or reserve funds, and \$6,902,922 is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,902,922 or 61 % of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements include:

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

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

MORROW COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements can be found on pages 21 and 22 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances are reconciled to the government-wide Statements of Net Position and Activities.

The County maintains 45 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, and General Road which are considered to be major governmental funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

MORROW COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The basic governmental fund financial statements can be found on pages 21 through 25 of this report.

Proprietary Funds. The County does not maintain any proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County does not have any enterprise funds in fiscal year 2017. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

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

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 through 53 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplemental Information beginning on page 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$83.8 million at June 30, 2017.

Capital assets, which consist of the county's land, buildings, improvements, machinery and equipment, and infrastructure, less any related debt to acquire those assets that is still outstanding, represent about 85.57 percent of total assets. The remaining assets consist mainly of investments, cash, and grant and property taxes receivable.

The County's liabilities consist primarily of payables on accounts, salaries and benefits (9.09 percent), pension obligations (75.54 percent), and capital leases payable (15.37 percent). Current liabilities, not including current portions of long-term debts, represents about 9.09 percent of the county's total liabilities, and consists almost entirely of payables on accounts, salaries and benefits.

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

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current assets	\$ 13,631	\$ 13,368
Capital assets	80,838	84,461
Total assets	<u>94,469</u>	<u>97,829</u>
Deferred outflows of resources	<u>4,926</u>	<u>3,718</u>
Current liabilities	1,414	1,405
Long-term debt	14,145	12,468
Total liabilities	<u>15,559</u>	<u>13,873</u>
Deferred inflows of resources	<u>-</u>	<u>34</u>
Net position:		
Net investment in capital assets	78,446	81,661
Restricted	2,210	2,989
Unrestricted	3,180	2,990
	<u>\$ 83,836</u>	<u>\$ 87,640</u>

Of the County's net position, its investment in capital assets (e.g. land, buildings, vehicles and equipment, and infrastructure) is substantially more than the related debt still outstanding used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities. During the current fiscal year, the County's net position decreased by \$3,804,271. This was due to the decrease in net position from Governmental activities. The primary decrease to assets was \$3,448,901 in other capital assets. As of June 30, 2017, the total bank balances were \$743,476. Of these deposits, \$500,000, was covered by federal depository insurance. The net result of the transaction regarding capital assets resulted in decreasing net position by \$3,623,653. The County saw a decrease in long term debt for the 16-17 fiscal year. The net result of the County's debt transactions was a decrease in long term debt of \$676,216. The County entered into a note payable with Community Bank for the construction of the Administration Building in Heppner, Oregon. The balance of the note on June 30, 2017 is \$2,124,962. Other transactions contributing to the decrease in net position included accruing the County's net pension obligation during the fiscal year ended June 30, 2017 of \$4,926,005. The net result of these transactions resulted in a \$3,804,271 net decrease in the county's net position.

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

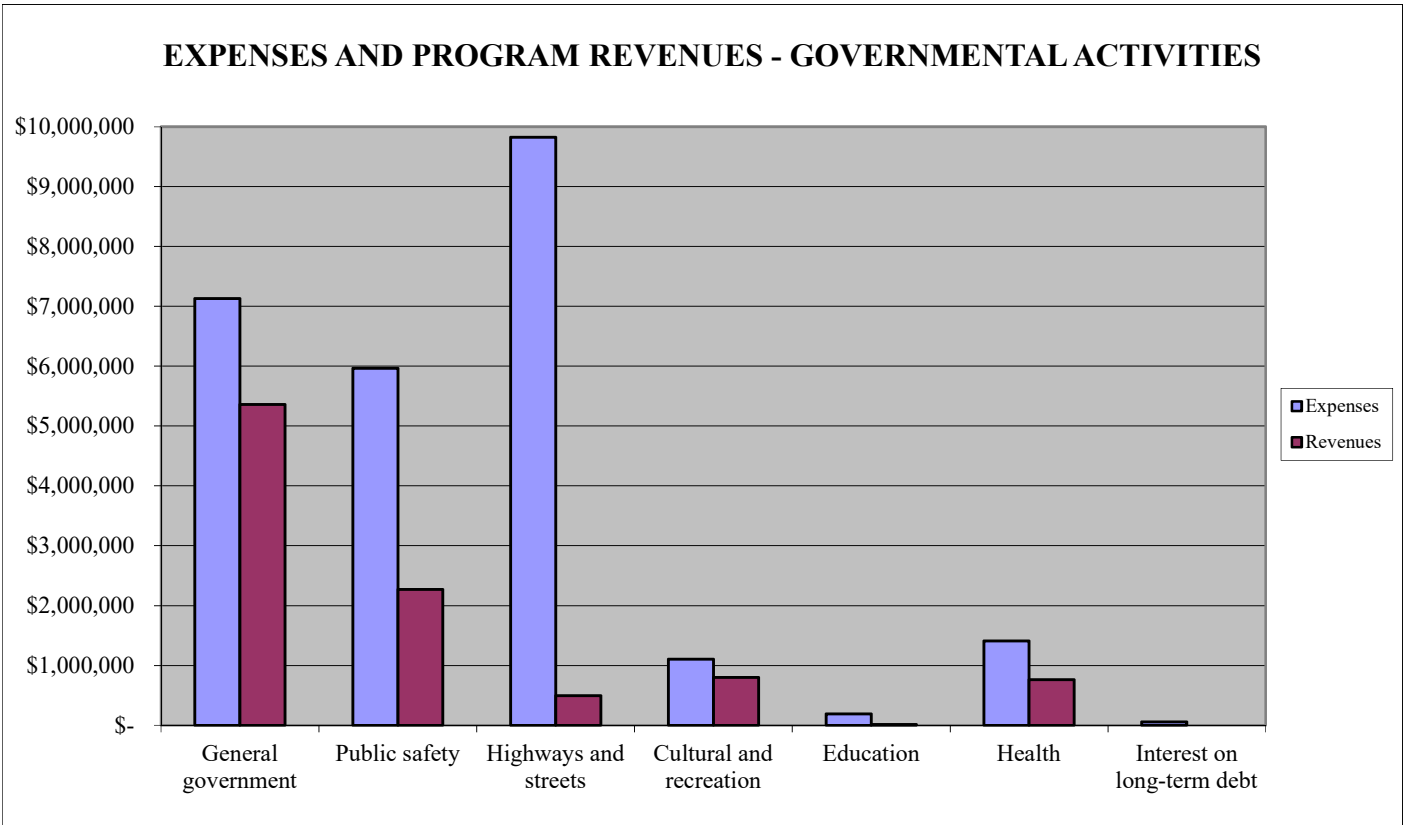
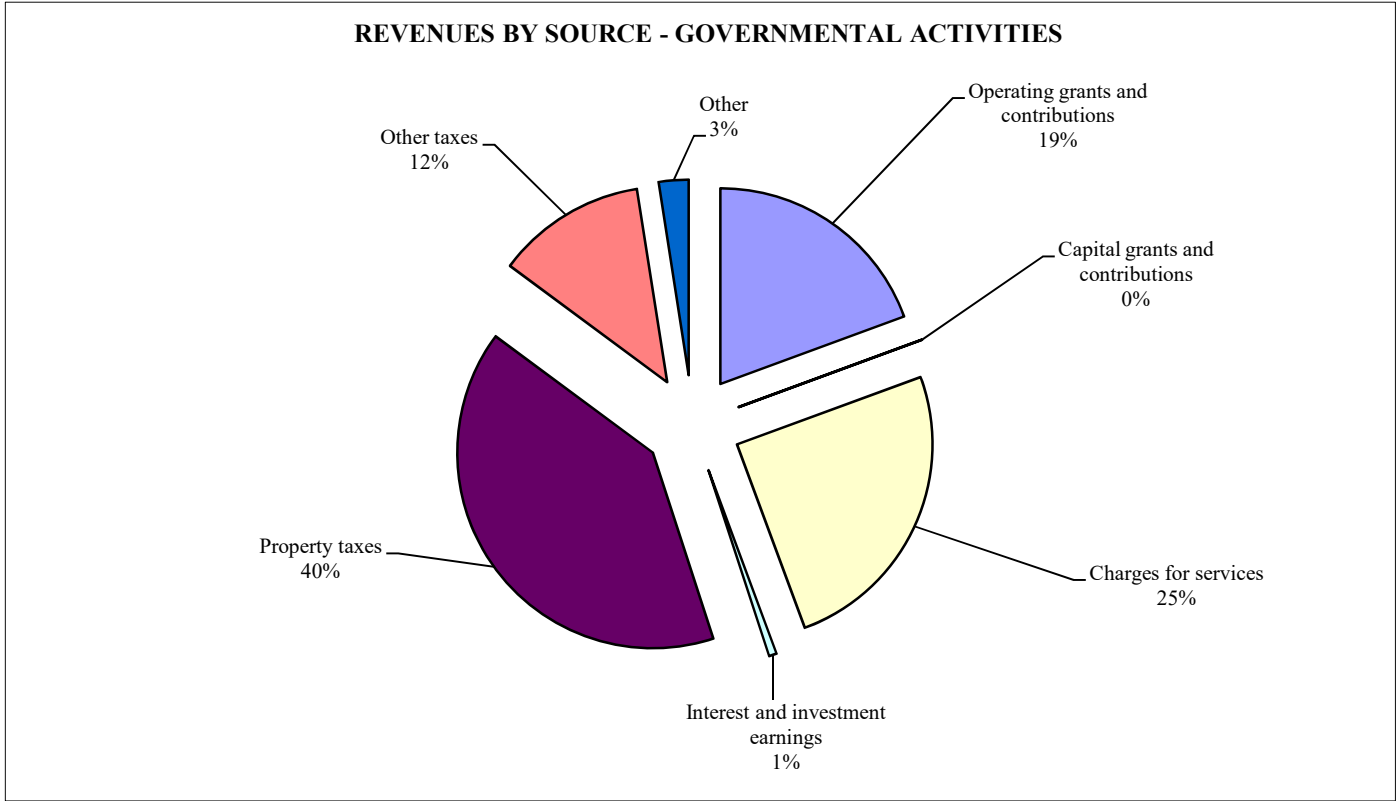
Governmental Activities. During the current fiscal year, the County's net position decreased by \$3,804,271 compared to a \$1,054,113 decrease in the prior year.

Morrow County Changes in Net Position-Governmental Activities

	2016-2017	2015-2016
Revenues		
Program revenues		
Charges for services	\$5,458,921	\$ 3,406,499
Operating grants and contributions	4,243,324	5,464,744
Capital grants and contributions	-	-
General revenues		
Property taxes	8,782,495	7,958,151
Payments in lieu of taxes	1,563,904	2,487,158
State shared taxes	1,146,496	1,133,932
Interest and investment earnings	139,813	81,254
Other revenues, net	540,546	348,779
Contribution of capital assets	-	-
Gain (Loss) on disposal	-	(14,296)
Total revenues	<u>21,875,499</u>	<u>20,866,221</u>
Expenses		
General government	7,130,729	6,414,596
Public safety	5,965,975	5,321,099
Highways and streets	9,823,849	7,643,125
Cultural and recreation	1,106,859	995,222
Education	189,617	209,278
Health	1,407,915	1,318,097
Interest on long-term debt	<u>54,826</u>	<u>18,917</u>
Total expenses	<u>25,679,770</u>	<u>21,920,334</u>
Decrease in net assets before transfer	(3,804,271)	(1,054,113)
Transfers	-	-
Change in net position	<u>(3,804,271)</u>	<u>(1,054,113)</u>
Beginning net position	87,640,261	88,694,374
Prior period adjustment	-	-
Beginning net position, as restated	<u>87,640,261</u>	<u>88,694,374</u>
Ending net position	<u>\$ 83,835,990</u>	<u>\$ 87,640,261</u>

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

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



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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,487,637, an increase of \$249,625 in comparison with the prior year. Approximately 55.29% or \$6,902,922 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. \$5,584,714 or 44.71% is restricted or committed to purposes designated by special revenue or reserve funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid items which will not provide spendable resources.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance of the General Fund was \$6,902,922, all of which was unassigned. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund increased by \$1,080,575 during the fiscal year ended June 30, 2017. The primary factor in this increase was an unanticipated increase in property tax revenues for 2016 – 2017 due to a strategic investment program tax payer's failure to meet the requirements for their exemption, resulting in greater assessed taxable value for 16-17. This is likely an anomaly and not an item to be expected in future years. The budgeted decrease for the fund balance in 2017-2018 is \$1,348,418. This is less of a concern than in years past as the General fund has carried over significantly more fund balance from the previous year than in prior years.

Budgetary Highlights

Differences between the original budget and the final amended budget were primarily due to the mid-year supplemental and specific purpose increases. The changes were made to recognize additional resources available from higher actual beginning fund balances and from new grants and fees received as well as additional resources from property taxes due to an actual assessed value larger than the estimated value used in preparation of the original budget.

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

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

- The General Fund budget for the Assessor's Department was increased by \$600 from the receipt of additional property tax revenues.
- The General Fund budget for the Veteran's Department was increased by \$3,645 from the receipt of additional property tax revenues.
- The General Fund budget for the Health Department was increased by \$7,117 from the receipt of additional property tax revenues.
- The General Fund budget for the Public Works Administration and General Maintenance Departments was increased in the amount of \$1,000 from the receipt of additional property tax revenue and fees/charges for services.
- The General Fund budget for the Transfer Station-North was increased by \$17,600 due to the receipt of additional fees/charges for services.
- The General Fund budget for the Transfer Station-South was increased by \$12,000 due to the receipt of additional fees/charges for services.
- The General Fund budget for Computers was increased by \$3,800 due to the receipt of additional property tax revenue
- The General Fund budget for the Weed Department was increased by \$11,352 due to the additional funds received by a grant.
- The General Fund Non Departmental Special Payments budget increased by \$769,504 as a result of funds received from Oregon Health Authority passed thru to Community Counseling Solutions for the Intergovernmental Agreement financing of Community Additions and Mental Health. The IGA Agreement #147799 is for the 2015-17 Biennium.
- The Ione School Fund budget was increased by \$3,386 due to the receipt of additional revenue.
- Park Fund budget was increased by \$41,074 as a result of increased grant funds and fee revenues received.
- The Justice Court Bails & Fines Fund budget was increased by \$207,000 due to larger than anticipated carryover of beginning fund balance from the prior year
- The Equity Fund budget was increased by \$50,000 as a result of increased beginning fund balance and increase in appropriation for approved loan.

MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$80,837,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, vehicles, and campsites and trails.

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

- Assessor's Office – Surface Pro Tablets \$5,587
- District Attorney – Office Equipment \$3,800
- Sheriff Department vehicles of \$169,365
- Health Department trailer \$7,117
- Public Works General Maintenance – Boss Snow Plow for Pickup \$7,849
- Computer Department – Replacement Equipment \$10,824
- General - County Vehicles, Equinox \$23,045
- General – Courthouse HVAC System \$8,925
- Road Reserve – Equipment Replacement \$52,030
- Road Fund – Equipment \$25,459
- Victim/Witness – Vehicle \$23,000
- STF – Vehicles \$65,176
- Parks – Cutsforth Building \$186,837
- Parks – Cutsforth Tractor \$37,750

Additional information on the County's capital assets can be found in note 4 on page 42 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$2,391,388. This was in the form of long-term capital lease obligations, and a construction loan for the new Heppner Administrative Building. The County's total long-term debt decreased by \$408,790 during the current fiscal year.

Additional information on the County's long-term debt can be found in note 5 on page 43 of this report.

MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

Key Economic Factors and Budget Information

- Morrow County has experienced significant industrial development over the last several years, with food processing and data centers in the Port of Morrow and large wind power projects throughout the County. Most of these projects involve some sort of property tax exemption, like SIP (Strategic Investment Program) which is a 15 year exemption or EZ (Enterprise Zone) which can be a 3 year to 15 year exemption. These programs have resulted in an exempt value of around one billion dollars for the County. These projects have created several hundred jobs for the County but unfortunately the residential and commercial development has not increased as much. The PGE – Carty plant went live on July 28, 2016: SIP funds will be received in 2017-18 in the amount of \$2,075,211. The new gas plant has a 15 year SIP exemption.
- The overall grant revenue outlook is relatively flat in the General Fund due to state budget uncertainty and the overall economy. However, the County received a Federal FAA grant award for the Lexington Municipal Airport in the amount of \$533,333.
- The 2017-2018 fiscal year the County will see the sixth significant payment of Strategic Investment Program (SIP) monies from the Caithness/Shepherds Flat Wind Project and the first significant payment from PGE – Carty Plant. The 2017-2018 budget includes an estimated receipt of \$2,946,211 for these payment which will be used to fund Road Fund capital projects within the County.
- It is anticipated that the costs of providing cost of living wage increases to be 3.0 %, and medical & dental insurance coverage to employees will continue to rise, by approximately 8-10% in the next fiscal year.
- The County's Retirement Plan must continue to be "equal to or better" than the PERS plan to remain in effect. The Plan was tested in 2009-2010 and passed the "equal to or better" standard. Retirement Plan contributions by the County will be at 24.8% for the 2016-2017 fiscal year. The contribution rate for 2017-2018 may increase slightly to mitigate Net Pension Liability.
- Road funding continues to be a priority for Morrow County. In an effort to continue to provide the Road Department with sufficient funds and cover general operation of the department, the 2016-2017 budget included several transfers to the Road Fund of unrestricted, non-property tax monies. The 2016-2017 budget included a transfer of \$1,275,000 from the Finley Buttes License Fee Fund, a transfer of \$1,338,000 of Strategic Investment Program (SIP) monies from the Shepherds Flat Fees Fund and a transfer of \$1,300,000 of other non-property tax unrestricted monies from the General Fund. The transfers for 2017-18 budget includes transfers in the amount of \$4,963,865.

All of these factors were considered in preparing the County's budget for fiscal year 2016-2017. During the current fiscal year, unassigned fund balance in the General Fund increased to \$6,902,922.

Requests for Information:

This financial report is designed to provide a general overview of Morrow County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

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

BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OREGON

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and investments	\$ 11,885,111
Receivables (net of allowance for uncollectibles):	
Property taxes	261,059
Other receivables	1,485,493
Capital assets:	
Land	2,266,841
Other capital assets (net of accumulated depreciation)	<u>78,570,713</u>
Total assets	<u>94,469,217</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pension deferrals	<u>4,926,005</u>
<u>LIABILITIES:</u>	
Accounts payable	654,927
Accrued payroll and payroll taxes payable	320,563
Compensated absences	436,481
Due to other entities	1,825
Net pension liability	11,754,048
Non current liabilities:	
Long-term debt, due within one year	260,119
Long-term debt, due in more than one year	<u>2,131,269</u>
Total liabilities	<u>15,559,232</u>
<u>NET POSITION:</u>	
Net investment in capital assets	78,446,166
Restricted for:	
Highways and streets	1,411,087
Public safety	640,385
Education	937
Other restrictions	157,599
Unrestricted	<u>3,179,816</u>
Total net position	<u>\$ 83,835,990</u>

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

MORROW COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 7,130,729	\$ 3,318,957	\$ 2,041,726	\$ -	\$ (1,770,046)
Public safety	5,965,975	1,044,416	1,224,551	-	(3,697,008)
Highways and streets	9,823,849	308,768	188,809	-	(9,326,272)
Cultural and recreation	1,106,859	564,361	235,339	-	(307,159)
Education	189,617	6,085	7,364	-	(176,168)
Health	1,407,915	216,334	545,535	-	(646,046)
Interest on long-term debt	54,826	-	-	-	(54,826)
Total governmental activities	<u>\$ 25,679,770</u>	<u>\$ 5,458,921</u>	<u>\$ 4,243,324</u>	<u>\$ -</u>	<u>\$ (15,977,525)</u>
General revenues:					
Taxes:					
					8,782,495
					1,563,904
					1,146,496
					139,813
					540,546
					<u>12,173,254</u>
					<u>(3,804,271)</u>
					<u>87,640,261</u>
					<u>\$ 83,835,990</u>

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

MORROW COUNTY, OREGON

Governmental Funds
Balance Sheet
June 30, 2017

	<u>General</u>	<u>General Road</u>	<u>Other Governmental</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash and investments	\$ 7,138,215	\$ 1,272,583	\$ 3,474,313	\$ 11,885,111
Receivables				
Property taxes	258,044	-	3,015	261,059
Due from other funds	25,000	-	-	25,000
Other receivables	203,014	136,906	1,145,573	1,485,493
Total assets	<u>\$ 7,624,273</u>	<u>\$ 1,409,489</u>	<u>\$ 4,622,901</u>	<u>\$ 13,656,663</u>
<u>LIABILITIES:</u>				
Accounts payable	\$ 324,723	\$ 141,154	\$ 189,050	\$ 654,927
Accrued payroll and payroll taxes payable	230,018	58,241	32,304	320,563
Due to other entities	1,825	-	-	1,825
Due to other funds	-	-	25,000	25,000
Total liabilities	<u>556,566</u>	<u>199,395</u>	<u>246,354</u>	<u>1,002,315</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred property taxes	164,785	-	1,926	166,711
<u>FUND BALANCES:</u>				
Restricted	-	1,210,094	859,327	2,069,421
Committed	-	-	3,515,294	3,515,294
Unassigned	6,902,922	-	-	6,902,922
Total fund balances	<u>6,902,922</u>	<u>1,210,094</u>	<u>4,374,621</u>	<u>12,487,637</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,624,273</u>	<u>\$ 1,409,489</u>	<u>\$ 4,622,901</u>	<u>\$ 13,656,663</u>

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

MORROW COUNTY, OREGON

Governmental Funds
Reconciliation of the Balance Sheet
to the Statement of Net Position
June 30, 2017

Fund Balances - Governmental Funds \$ 12,487,637

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

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

Governmental capital assets	\$ 171,164,780	
Less accumulated depreciation	<u>(90,327,226)</u>	80,837,554

Deferred outflows of resources related to pensions are not current financial resources, so are not reported in the governmental fund statements. 4,926,005

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

Notes payable		(2,124,962)
Capital leases payable		(266,426)

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. (436,481)

Net pension liability for the County's retirement plan is not reported in the governmental fund financial statements because such amounts are not due and payable in the current period. (See Note 17 to the financial statements) (11,754,048)

Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds. 166,711

Net Position of Governmental Activities \$ 83,835,990

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

MORROW COUNTY, OREGON

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2017

	General	General Road	Other Governmental	Total
<u>REVENUES:</u>				
Taxes	\$ 10,175,595	\$ 917,712	\$ 402,336	\$ 11,495,643
Intergovernmental	2,718,850	188,809	1,335,665	4,243,324
Fees, fines, and charges for services	947,927	-	4,510,994	5,458,921
Investment interest	77,228	8,453	54,132	139,813
Miscellaneous	203,850	240,438	107,496	551,784
Total revenues	<u>14,123,450</u>	<u>1,355,412</u>	<u>6,410,623</u>	<u>21,889,485</u>
<u>EXPENDITURES:</u>				
Current:				
General government	5,887,661	-	436,225	6,323,886
Public safety	3,927,678	-	1,320,139	5,247,817
Highways and streets	-	5,312,322	1,326,700	6,639,022
Cultural and recreation	11,000	-	916,671	927,671
Education	-	-	189,617	189,617
Health	1,329,699	-	-	1,329,699
Capital outlay	237,492	44,074	236,966	518,532
Debt service:				
Principal	13,050	60,172	335,568	408,790
Interest	2,414	8,085	44,327	54,826
Total expenditures	<u>11,408,994</u>	<u>5,424,653</u>	<u>4,806,213</u>	<u>21,639,860</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>2,714,456</u>	<u>(4,069,241)</u>	<u>1,604,410</u>	<u>249,625</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	263,100	4,071,000	798,725	5,132,825
Transfers out	(1,896,981)	-	(3,235,844)	(5,132,825)
Total other financing sources (uses)	<u>(1,633,881)</u>	<u>4,071,000</u>	<u>(2,437,119)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>1,080,575</u>	<u>1,759</u>	<u>(832,709)</u>	<u>249,625</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>5,822,347</u>	<u>1,208,335</u>	<u>5,207,330</u>	<u>12,238,012</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 6,902,922</u>	<u>\$ 1,210,094</u>	<u>\$ 4,374,621</u>	<u>\$ 12,487,637</u>

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

MORROW COUNTY, OREGON

Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2017

Net change in fund balances - Governmental Funds \$ 249,625

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

Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. When capital assets are disposed of the difference between original cost and depreciation and the proceeds are booked as a gain or (loss) on the sale. This entry takes into account the difference in how capital costs are treated between the Statement of Activities and the governmental fund statements.

Expenditures for capital assets	\$ 518,532	
Less current year depreciation	(4,130,947)	
Disposal of Capital Assets	<u>(11,238)</u>	(3,623,653)

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

Net change in deferred property taxes	(2,748)
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The issuance of long-term debt (e.g. notes payable, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on notes payable and capital leases	408,790
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	8,239	
Net change in net pension liability	(2,085,961)	
Net change in deferred outflows of resources - pension deferrals	1,207,567	
Net change in deferred inflows of resources - pension deferrals	<u>33,870</u>	<u>(844,524)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (3,804,271)</u></u>
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The notes to the financial statements
are an integral part of this statement.

MORROW COUNTY, OREGON

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 8,169,217	\$ 8,231,263	\$ 8,683,801	\$ 452,538
Payments in lieu of taxes	496,500	496,500	712,131	215,631
Liquor tax apportionment	50,000	50,000	62,879	12,879
Cigarette tax apportionment	9,000	9,000	11,151	2,151
Oregon DEQ grant	10,000	10,000	-	(10,000)
Cultural trust grant	7,000	7,000	7,687	687
Wolf depredation grant	3,675	3,675	8,675	5,000
Assessor grants	10,000	10,000	25,735	15,735
Assessor fees and other	18,400	18,400	19,638	1,238
Clerk, recorder fees, and grants	69,359	69,359	86,383	17,024
Veterans service office grants and other	35,751	35,751	35,249	(502)
District attorney grants and other	53,500	53,500	73,166	19,666
Emergency management grants	13,600	13,600	10,897	(2,703)
Health department fees	131,800	131,800	249,776	117,976
Health department grants and other	612,696	619,813	545,535	(74,278)
Juvenile court grants and other	28,209	28,209	36,736	8,527
State grant, assessment and taxation	104,000	104,000	146,487	42,487
Non-departmental fees and other	1,343,550	2,113,054	2,400,812	287,758
Planning fees and grants	24,600	24,600	45,975	21,375
Weed department fees and grants	21,000	32,352	29,128	(3,224)
Transfer station revenue and fees	49,600	49,600	50,250	650
Sheriff civil fees and other	264,275	264,275	138,364	(125,911)
Sheriff intergovernmental contracts	317,900	317,900	323,449	5,549
Justice court fines and other	226,500	226,500	342,318	115,818
Interest	20,000	20,000	77,228	57,228
Total revenues	12,090,132	12,940,151	14,123,450	1,183,299
EXPENDITURES:				
General government:				
County court	626,309	626,309	590,115	36,194
County accountant	299,880	299,880	300,926	(1,046)
Assessor	748,414	749,014	721,866	27,148
Treasurer	116,768	116,768	112,428	4,340
County clerk	312,285	312,285	290,782	21,503
Veteran's service officer	63,711	67,356	61,704	5,652
Juvenile	366,795	366,795	320,947	45,848
Planning department	428,056	428,056	334,698	93,358
County surveyor	39,640	39,640	38,783	857
Public works, administrator	61,963	62,963	62,701	262
Public works, general maintenance	501,984	501,984	454,343	47,641
Computer	141,000	144,800	138,038	6,762
Weed department	138,176	149,528	127,689	21,839
Board of Property Tax Appeals	2,755	2,755	1,981	774
Solid waste transfer station - north	34,501	52,101	44,311	7,790
Solid waste transfer station - south	41,151	53,571	47,238	6,333
Non-departmental	2,453,524	3,176,028	2,312,329	863,699
Total general government	6,376,912	7,149,833	5,960,879	1,188,954

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

MORROW COUNTY, OREGON

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Continued from previous page.				
<u>EXPENDITURES (continued):</u>				
Public Safety:				
District attorney	358,280	358,280	340,156	18,124
Justice of the peace	258,369	258,369	251,355	7,014
Sheriff	3,648,390	3,648,390	3,490,309	158,081
Emergency management	48,403	48,403	19,411	28,992
Total public safety	<u>4,313,442</u>	<u>4,313,442</u>	<u>4,101,231</u>	<u>212,211</u>
Heath:				
Health department	1,447,490	1,454,607	1,331,701	122,906
Total health	<u>1,447,490</u>	<u>1,454,607</u>	<u>1,331,701</u>	<u>122,906</u>
Cultural and recreation:				
Museum	11,000	11,000	11,000	-
Total cultural and recreation	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>
Contingency	60,000	60,000	-	60,000
Total expenditures	<u>12,208,844</u>	<u>12,988,882</u>	<u>11,404,811</u>	<u>1,584,071</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(118,712)</u>	<u>(48,731)</u>	<u>2,718,639</u>	<u>2,767,370</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	272,270	272,270	263,100	(9,170)
Transfers out	(1,822,000)	(1,891,981)	(1,896,981)	(5,000)
Total other financing sources (uses)	<u>(1,549,730)</u>	<u>(1,619,711)</u>	<u>(1,633,881)</u>	<u>(14,170)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,668,442)</u>	<u>(1,668,442)</u>	<u>1,084,758</u>	<u>2,753,200</u>
<u>FUND BALANCES, BEGINNING</u>	<u>4,650,000</u>	<u>4,650,000</u>	<u>5,542,657</u>	<u>892,657</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 2,981,558</u>	<u>\$ 2,981,558</u>	<u>\$ 6,627,415</u>	<u>\$ 3,645,857</u>

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

MORROW COUNTY, OREGON

General Road Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Federal forest fees	\$ 20,377	\$ 20,377	\$ 24,911	\$ 4,534
Licenses	948,542	948,542	917,712	(30,830)
Intergovernmental	598,481	598,481	163,898	(434,583)
Reimbursed items	10,000	10,000	177,412	167,412
Interest	3,500	3,500	8,453	4,953
Other	115,200	115,200	63,026	(52,174)
Total revenues	<u>1,696,100</u>	<u>1,696,100</u>	<u>1,355,412</u>	<u>(340,688)</u>
<u>EXPENDITURES:</u>				
Road department	5,563,100	5,563,100	5,271,806	291,294
Capital equipment	386,000	386,000	147,127	238,873
Contingency	30,000	30,000	-	30,000
Total expenditures	<u>5,979,100</u>	<u>5,979,100</u>	<u>5,418,933</u>	<u>560,167</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(4,283,000)</u>	<u>(4,283,000)</u>	<u>(4,063,521)</u>	<u>219,479</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>4,113,000</u>	<u>4,113,000</u>	<u>4,071,000</u>	<u>(42,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(170,000)</u>	<u>(170,000)</u>	<u>7,479</u>	<u>177,479</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,170,000</u>	<u>1,170,000</u>	<u>1,080,121</u>	<u>(89,879)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,087,600</u>	<u>\$ 87,600</u>

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

MORROW COUNTY, OREGON

Agency Funds
Statement of Fiduciary Net Position
June 30, 2017

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 2,623,534
Taxes receivable	760,362
Total assets	<u>3,383,896</u>
LIABILITIES:	
Payable to other agencies	3,383,896
Total liabilities	<u>3,383,896</u>
NET POSITION	<u>\$ -</u>

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Reporting Entity:

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

Government-wide and fund financial statements:

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County had no business-type activities for the year ended June 30, 2017.

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

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

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

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

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

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

The County reports the following major governmental funds:

- The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The General Road Fund accounts for revenues and expenditures association with the improvement and maintenance of the County’s road infrastructure.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

Additionally, the County reports the following fund types:

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

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

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

Assets, liabilities, and net position or equity:

Cash and investments:

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

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

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

Inventories:

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

Receivables and payables:

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

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

Capital assets and long-term liabilities:

The County capitalized assets purchased or constructed with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective July 1, 2017, the County increased the capitalization amount to \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair values on the date donated.

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

The estimated useful lives for depreciable assets are as follows:

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

Compensated absences:

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

Income taxes:

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

Fund balance:

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

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

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

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

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

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

Fund balances by classification for the year ended June 30, 2017 were as follows:

	General	General Road	Other Governmental	Total Governmental Funds
<u>Fund Balances</u>				
Restricted:				
Public safety	\$ -	\$ -	\$ 622,846	\$ 622,846
Highways and streets	-	1,210,094	78,499	1,288,593
Education	-	-	383	383
Other restrictions	-	-	157,599	157,599
Total restricted	<u>-</u>	<u>1,210,094</u>	<u>859,327</u>	<u>2,069,421</u>
Committed:				
Culture and recreation	-	-	375,275	375,275
Education	-	-	31,685	31,685
Capital projects	-	-	957,583	957,583
Economic development	-	-	601,988	601,988
Other committed	-	-	1,548,763	1,548,763
Total committed	<u>-</u>	<u>-</u>	<u>3,515,294</u>	<u>3,515,294</u>
Unassigned	<u>6,902,922</u>	<u>-</u>	<u>-</u>	<u>6,902,922</u>
Ending fund balance	<u>\$ 6,902,922</u>	<u>\$ 1,210,094</u>	<u>\$ 4,374,621</u>	<u>\$ 12,487,637</u>

Of the amount restricted for highways and streets, \$1,210,094 is restricted by enabling legislation.

Use of estimates:

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget procedures:

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

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

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

Two supplemental budgets were adopted during the year ended June 30, 2017; total appropriations increased by \$1,133,498.

5. The following funds legally adopt annual budgets:

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

6. The agency funds do not adopt annual budgets. These funds are not used to expend funds for County activities or functions.
7. Expenditures may not legally exceed budget appropriations at the departmental level of control in most funds. Appropriations are made at various legal levels of control for each fund.
8. For budget preparation, capital lease proceeds and related capital outlay expenditures are recorded when the capital lease payments are disbursed.

Budget overexpenditures:

Oregon state local budget laws prohibit overexpenditure of budgeted appropriations. For the year ended June 30, 2017, the County overexpended the budget of the following funds:

General Fund	County Accountant	\$ 1,046
Airport Fund	Materials and Services	\$ 9,662
Parks Fund	Anson Wright Park	\$ 1,025
Echo Wind Fees Fund	Other Requirements	\$ 5,558

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 3 – CASH AND INVESTMENTS:

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

Cash

Demand deposits	\$ 311,550
Petty cash	1,789
	<hr/>
	313,339

Investments

State of Oregon Local Government Investment Pool	14,195,306
	<hr/>

Total cash and investments	<u>\$ 14,508,645</u>
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Cash and investments are reflected in the basic financial statements as follows:

Cash and investments - governmental activities	\$ 11,885,111
Statement of Fiduciary Net Position	2,623,534
	<hr/>
	<u>\$ 14,508,645</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian, and public official compliance with ORS 295. ORS 295 requires the depository institutions to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2017, the total bank balances were \$743,476. Of these deposits, \$500,000, was covered by federal depository insurance. The County keeps its deposits at financial institutions deemed to be qualified depositories by the Office of the State Treasurer.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (continued):

Credit Risk - Investments

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

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

Concentration Risk - Investments

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

Interest Rate Risk - Investments

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

Custodial Credit Risk - Investments

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,266,841	\$ -	\$ -	\$ 2,266,841
Total capital assets, not being depreciated	<u>2,266,841</u>	<u>-</u>	<u>-</u>	<u>2,266,841</u>
Capital assets, being depreciated:				
Buildings and improvements	16,777,957	-	-	16,777,957
Campsites and trails	838,274	-	-	838,274
Machinery and equipment	13,507,376	518,532	(348,357)	13,677,551
Bridges	23,159,458	-	-	23,159,458
Infrastructure	114,444,699	-	-	114,444,699
Total capital assets being depreciated	<u>168,727,764</u>	<u>518,532</u>	<u>(348,357)</u>	<u>168,897,939</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,886,043)	(495,506)	-	(7,381,549)
Campsites and trails	(552,645)	(22,702)	-	(575,347)
Machinery and equipment	(9,062,564)	(754,736)	337,119	(9,480,181)
Bridges	(13,637,799)	(581,380)	-	(14,219,179)
Infrastructure	(56,394,347)	(2,276,623)	-	(58,670,970)
Total accumulated depreciation	<u>(86,533,398)</u>	<u>(4,130,947)</u>	<u>337,119</u>	<u>(90,327,226)</u>
Total capital assets being depreciated, net	<u>82,194,366</u>	<u>(3,612,415)</u>	<u>(11,238)</u>	<u>78,570,713</u>
Governmental activities capital assets, net	<u>\$ 84,461,207</u>	<u>\$ (3,612,415)</u>	<u>\$ (11,238)</u>	<u>\$ 80,837,554</u>

Depreciation was charged to functions and programs as follows:

	<u>Governmental activities</u>
General government	\$ 548,391
Public safety	385,710
Highways and streets	3,035,495
Cultural and recreation	155,903
Health	5,448
	<u>\$ 4,130,947</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 5 - LONG TERM DEBT:

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

Lease purchase agreement payable at \$26,987 annually, by the Road fund, including interest at 3.33%, collateralized by road equipment. Final payment is due May 2019. 51,396

Lease purchase agreement payable at \$1,289 per month, by the General Fund, including interest at 5.65%, collateralized by real estate in Boardman. Final payment is due in October 2019. 34,673

Lease purchase agreement payable at \$41,270 annually, by the Road fund, including interest at 2.57%, collateralized by road equipment. The lease has a balloon payment of \$185,000 in August 2017. 180,357

\$ 266,426

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

<u>Fiscal Year</u>	<u>Governmental</u>		
	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2018	\$ 227,451	\$ 7,956	\$ 219,495
2019	42,451	1,670	40,781
2020	6,230	80	6,150
Total	<u>\$ 276,132</u>	<u>\$ 9,706</u>	<u>\$ 266,426</u>

The County entered into a note payable with Community Bank for the construction of the Administration Building in Heppner, Oregon during the year ended June 30, 2015. The agreement is for interest only payments due monthly at a rate of 1.58% until November 2016. Starting in November 2016, semi-annual principal and interest payments will be due each November and May for \$189,998. The balance of the note payable on June 30, 2017 is \$2,124,962.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 5 - LONG TERM DEBT (continued):

Future principal and interest payments on this loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 347,327	\$ 32,668
2019	352,914	27,081
2020	358,535	21,460
2021	364,356	15,639
2022	370,217	9,779
2023-2025	331,613	3,824
Total	<u>\$ 2,124,962</u>	<u>\$ 110,451</u>

Changes to the County's long term debt consisted of the following:

	<u>Capital Leases</u>	<u>Note Payable</u>	<u>Totals</u>
Principal balance June 30, 2016	\$ 339,648	\$ 2,460,530	\$ 2,800,178
New obligations	-	-	-
Payments	(83,721)	(379,895)	(463,616)
Interest included	10,499	44,327	54,826
Principal balance June 30, 2017	<u>\$ 266,426</u>	<u>\$ 2,124,962</u>	<u>\$ 2,391,388</u>

NOTE 6 – COMPENSATED ABSENCES:

The following is a summary of accumulated unpaid vacation pay transactions of the County for the year ended June 30, 2017:

Balance June 30, 2016	\$ 444,720
Net change in benefits payable	<u>(8,239)</u>
Balance June 30, 2017	<u>\$ 436,481</u>

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

NOTE 7 - DEFERRED INFLOWS OF RESOURCES:

Deferred revenue at June 30, 2017 consisted of the following:

	<u>Governmental Funds</u>	<u>Statement of Net Position</u>
Property taxes	<u>\$ 166,711</u>	<u>\$ -</u>

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 8 -- INTERFUND TRANSACTIONS:

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental fund financial statements generally reflect such transactions as transfers. In addition, certain funds have been transferred for which repayment is anticipated during the next twelve months. These balances are to cover the funds expenses due to timing differences in revenue reimbursements. Amounts due from and to other funds at June 30, 2017 consisted of the following:

Due To	Due From	Amount
General Fund	Airport Fund	\$ 15,000
General Fund	CAMI Grant Fund	10,000
		\$ 25,000

The following are the County's interfund transfers for the year ended June 30, 2017. All transfers routinely occur between funds:

Transfer From	Transfer To	Purpose	Amount
General	Programming Res.	For purchase of software	\$ 15,000
General	Victim/Witness	For general operations of Victim/Witness advocate	48,000
General	Building Res.	For future construction	50,000
General	Computer Res.	For purchase of computer equipment	15,000
General	Echo Wind Fees	For general operations of the Echo Wind Fee Fund	22,981
General	General Road	For general operations of General Road	1,300,000
General	Heppner Admin Build.	For debt service payments of Heppner Admin Build.	441,000
General	Weed Equip Reserve	For capital purchases for weed equipment	5,000
Finley Buttes Road	General Road	For improvements to County Road	200,000
911 Emerg. Tele.	General	For reimbursement of indirect costs	12,000
Finley Buttes Lic.	General Road	For general operations & impr. of Co. Roads	1,233,000
Fair	Fair Improvement	For capital upgrades to the fairgrounds	5,000
Fair	Fair Roof	For capital upgrades to fair buildings	2,000
Special Transportation	STO Operating Grant	For general operations of the STO Operating Grant	7,074
Alcohol Enforcement	General	For general operations of the County	500
Video Lottery Econ. Develop.	Fair	For general operations of the Fair Fund	5,000
Video Lottery Econ. Develop.	Rodeo	For general operations of the Rodeo Fund	7,670
Video Lottery Econ. Develop.	General	For general operations of the museum department	11,000
Willow Creek Wind	General	For general operations of the County	40,000
Building Permit Fees	General	For general operations of the planning department	85,000
Echo Wind Fees	General	For general operations of the County	114,600
Shepherds Flat Fees	General Road	For general operations & impr. of Co. Roads	1,338,000
Shepherds Flat Fees	Road Equip. Res.	For purchases of equipment	175,000
		Total	\$ 5,132,825

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 9 -- CONTINGENT LIABILITY, GRANTS:

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

NOTE 10 -- RECEIVABLES

The County lends money to businesses in Morrow County for economic development. The Equity Fund is used for this purpose. On June 30, 2017, loans receivable and corresponding interest of \$516,569 were outstanding. This balance is not expected to be collected within one year.

The County expects to collect all receivables, no allowance is deemed necessary. Other Receivables at June 30, 2017 are as follows:

<u>Receivable</u>	<u>General</u>	<u>General Road</u>	<u>Other Govern- mental</u>	<u>Total</u>
Intergovernmental	\$ 102,256	55,826	198,063	\$ 356,145
Other shared taxes	5,040	76,854	38,967	120,861
Charges for services	95,718	4,226	391,974	491,918
Equity Fund loans	-	-	507,581	507,581
Equity Fund interest	-	-	8,988	8,988
	<u>\$ 203,014</u>	<u>\$ 136,906</u>	<u>\$ 1,145,573</u>	<u>\$ 1,485,493</u>

NOTE 11 -- DEFERRED COMPENSATION PLAN:

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 12 -- LITIGATION:

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

NOTE 13 -- SUBSEQUENT TAX REVENUES:

The 2017-2018 budget was adopted anticipating property tax revenues at a rate of \$4.1347 per \$1,000 of assessed value for operations. Budgeted property tax revenues, after discount and adjustments, are as follows:

	Budgeted Property tax Revenue
General fund	\$ 6,694,396
County school fund	20,490
Ione school fund	1,995
Fair fund	55,718
	<u>\$ 6,772,599</u>

After an allowance for expected delinquent tax payments, the County expects to collect at least the amount of property taxes budgeted for 2017-2018.

NOTE 14 -- TAXES:

County governmental funds received the following tax revenues:

Property taxes	\$ 8,703,375
Fuel tax apportionment	917,712
Payments in lieu of taxes	1,563,904
Other taxes	310,652
	<u>\$ 11,495,643</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 15 -- INTERGOVERNMENTAL REVENUES:

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

Health department funds	\$ 545,535
Oregon Health Authority funds	1,519,839
Park department funds	310,017
Community Corrections funds	453,907
Sheriff department grants	323,449
Road department funds	163,898
911 Emergency funds	290,158
Federal forest fees and federal mineral lease	24,911
Assessment and taxation funds	146,487
Video lottery apportionment	78,610
Victim/Witness assistance funds	78,618
Other federal and state funds	307,895
	<u>\$ 4,243,324</u>

NOTE 16 -- FINLEY BUTTES LANDFILL:

A private company operates the Finley Buttes Landfill in Morrow County. The County receives licensing fees from the landfill operator. During the year ended June 30, 2017, Morrow County received the following fees from the landfill operator:

Finley Buttes road fund	\$ 308,768
Finley Buttes license fee fund	<u>1,361,057</u>
	<u>\$ 1,669,825</u>

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

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

The agency fund portion of landfill fees is dedicated to future landfill closing costs. The landfill operator and the landfill owners are responsible for future landfill closure costs. Morrow County is obligated for future closure costs only to the extent of funds available in the agency fund. At June 30, 2017, the balance of funds in the landfill closure agency fund was \$1,183,030.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 17 -- DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

The County's defined benefit pension plan, Retirement Plan for Employees of Morrow County, Oregon (Plan), provides retirement and disability benefits to employees of the County. The Plan is a single-employer group annuity contract. Morrow County created the Morrow County Trust Fund, the purpose of which is to hold the Plan's assets. The trustees are the Morrow County Court. A copy of the Plan's most recent actuarial report (July 1, 2015) can be obtained from officials at the Morrow County Courthouse in Heppner, Oregon. The plan was established on July 1, 1966, and was last restated effective July 1, 2015.

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

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

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

The following is a summary of plan participants at July 1, 2016:

Active members:	
Public safety	20
General	81
Total active	<u>101</u>
Inactive participants:	
Vested terminated	23
Non-vested terminated entitled to account balance	38
Retirees and beneficiaries	47
Total inactive	<u>108</u>
Total participants	<u><u>209</u></u>

B. Funding Policy and Net Pension Liability:

County employees are required to contribute 6% of their annual covered salary. The County uses actuarial reports to determine the recommended pension contribution percentages. For the fiscal year ended June 30, 2017, the recommended rate was 24.5% of covered payroll. The County contributed 24.5% of covered payroll for the fiscal year ended June 30, 2017. On July 1, 2017 the recommended rate increased to 24.8% of covered payroll for fiscal year ended June 30, 2018.

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

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Total pension liability	\$29,588,001	\$30,537,274
Plan fiduciary net position	19,919,914	18,783,226
Net pension liability	<u>\$ 9,668,087</u>	<u>\$11,754,048</u>
Fiduciary net position as a % of total pension liability	67.32%	61.51%
Covered payroll	\$ 4,959,599	\$ 5,315,783
Net pension liability as a % of covered payroll	194.94%	221.12%

C. Actuarial Methods and Assumptions:

Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 7.0%, an annual cost of living increase of 2.0%, and annual salary increase ranging from 7.5% percent in the first year of service, 6.25% in years 2-4, 4.75% in years 5-9, and 3.75% after 9 years of service. Mortality rates were based on the RP2000 blended 25% blue collar/75% white collar, set back 12 months for males.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements
June 30, 2017

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

D. Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances June 30, 2015	\$ 29,588,001	\$ 19,919,914	\$ 9,668,087
Changes for the year:			
Service cost	670,931	-	670,931
Interest on total pension liability	2,049,096	-	2,049,096
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	201,509	-	201,509
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(2,021,216)	(2,021,216)	-
Administrative expenses	-	(67,539)	67,539
Member contributions	48,953	48,953	-
Net investment income	-	(447,095)	447,095
Employer contributions	-	1,350,209	(1,350,209)
	<u>\$ 30,537,274</u>	<u>\$ 18,783,226</u>	<u>\$ 11,754,048</u>
Balances as of June 30, 2016	<u>\$ 30,537,274</u>	<u>\$ 18,783,226</u>	<u>\$ 11,754,048</u>

E. Sensitivity Analysis:

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
Total pension liability	\$ 34,541,561	\$ 30,537,274	\$ 27,201,109
Fiduciary net position	18,783,226	18,783,226	18,783,226
Net pension liability	<u>\$ 15,758,335</u>	<u>\$ 11,754,048</u>	<u>\$ 8,417,883</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements
June 30, 2017

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

F. Pension Expense:

	<u>Fiscal Year Ending June 30, 2017</u>
Service cost	\$ 670,931
Interest on total pension liability	2,049,096
Effect of plan changes	-
Administrative expenses	67,539
Expected investment return net of investment expenses	(1,370,258)
Recognition of deferred (inflows)outflows of resources:	
Recognition of economic/demographic (gains) or losses	539,422
Recognition of assumption changes or inputs	435,548
Recognition of investment (gains) or losses	295,123
	<u>\$ 2,687,401</u>

G. Deferred (Inflows) / Outflows of Resources:

As of June 30, 2017, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 832,137
Changes in assumptions or inputs	-	696,877
Net difference between projected and actual earnings	-	1,556,100
Contributions made subsequent to measurement date	-	1,840,891
	<u>\$ -</u>	<u>\$ 4,926,005</u>

Deferred outflows of resources are presented as positive amounts. Deferred inflows or resources are presented as negative amounts. Contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

<u>Year ended June 30:</u>	<u>Annual Recognition</u>
2018	\$ (1,249,405)
2019	(841,068)
2020	(631,170)
2021	(363,471)
2022	-
Thereafter	-

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

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

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

<u>Fund:</u>	<u>GAAP Basis Change in Fund Balances</u>	<u>Change in Compensated Absences</u>	<u>Budgetary Basis - Change in Fund Balances</u>
General	\$ 1,080,575	\$ 4,183	\$ 1,084,758
General Road	1,759	5,720	7,479
911 Emergency Telephone	26,696	(2,338)	24,358
Fair	14,917	(453)	14,464
Special Transportation	(16,546)	(263)	(16,809)
Victim/Witness Assistance	20,732	1,071	21,803
Park	79,142	252	79,394
Community Corrections	59,348	66	59,414

NOTE 19 -- RECONCILIATION OF GAAP BASIS FUND EQUITY TO

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

<u>Fund:</u>	<u>GAAP Basis Fund Balances</u>	<u>Compensated Absences</u>	<u>Budgetary Basis Fund Balances</u>
General Fund	6,902,922	\$ (275,507)	\$ 6,627,415
General Road	1,210,094	(122,494)	1,087,600
911 Emergency Telephone	130,802	(8,860)	121,942
Fair	96,661	(2,618)	94,043
Special Transportation	47,956	(8,449)	39,507
Victim/Witness Assistance	19,373	(5,055)	14,318
Park	351,423	(4,820)	346,603
Community Corrections	221,784	(8,679)	213,105

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2017

NOTE 20 -- RISK MANAGEMENT:

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

NOTE 21 -- TAX ABATEMENT AGREEMENTS:

The County has two programs through which tax abatements are provided:

Enterprise Zone Program: This program is authorized by Oregon Revised Statutes and is intended to attract and retain jobs through abatement of property taxes. Businesses apply to for exemption with the County. Some program agreements have In Lieu of Taxes payments that are required to be paid to the County.

Strategic Investment Program: This program is authorized by Oregon Revised Statutes and is intended to attract large, capital intensive facilities to locate and grown in the County through property tax abatements. The County approves the agreements between businesses after holding public hearings. The property taxes are abated for 15 years. The businesses agree to pay a Community Service Fee that is included in the agreement.

For the year ended June 30, 2017, the County abated taxes as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated (in thousands)</u>	<u>In-Lieu and Community Service Fees Collected (in thousands)</u>
Enterprise Zone	\$ 21,729	\$ 1,177
Strategic Investment Program	\$ 3,977	\$ 1,983

NOTE 22 -- SUBSEQUENT EVENTS:

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

REQUIRED SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Schedule of Deferred (Inflows) and Outflows of Resources

	Original Amount	Experience Period	Original Recognition Period	Amount Recognized in Expense 6/30/2017	Balance of Deferred Inflows 6/30/2017	Balance of Deferred Outflows 6/30/2017
Investment	\$ 1,817,353	2015-2016	5.0	\$ 363,471	\$ -	\$ 1,453,882
(gains) or losses	1,194,561	2014-2015	5.0	238,912	-	716,737
	(1,536,299)	2013-2014	5.0	(307,260)	(614,519)	-
				<u>\$ 295,123</u>	<u>\$ (614,519)</u>	<u>\$ 2,170,619</u>
Economic/demographic	\$ 201,509	2015-2016	3.5	\$ 57,574	\$ -	\$ 143,935
(gains) or losses	1,362,260	2014-2015	3.6	378,406	-	605,448
	393,080	2013-2014	3.8	103,442	-	82,754
				<u>\$ 539,422</u>	<u>\$ -</u>	<u>\$ 832,137</u>
Assumption	\$ -	2015-2016	3.5	\$ -	\$ -	\$ -
changes or inputs	1,567,973	2014-2015	3.6	435,548	-	696,877
	-	2013-2014	3.8	-	-	-
				<u>\$ 435,548</u>	<u>\$ -</u>	<u>\$ 696,877</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

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

	Fiscal Year Ending June 30,	
	June 30, 2015	June 30, 2016
Total Pension Liability		
Service cost	\$ 564,657	\$ 670,931
Interest on total pension liability	1,894,605	2,049,096
Effect of plan changes	-	-
Effect of economic/demographic (gains) or losses	1,362,260	201,509
Effect of assumptions changes or inputs	1,567,973	-
Benefit payments	(1,030,803)	(2,021,216)
Member contributions	34,322	48,953
Net change in total pension liability	4,393,014	949,273
Total pension liability, beginning	25,194,987	29,588,001
Total pension liability, ending	29,588,001	30,537,274
Fiduciary Net Position		
Employer contributions	\$ 1,225,021	\$ 1,350,209
Member contributions	34,322	48,953
Investment income net of investment expenses	271,052	(447,095)
Benefit payments	(1,030,803)	(2,021,216)
Administrative expenses	(13,825)	(67,539)
Net change in plan fiduciary net position	485,767	(1,136,688)
Fiduciary net position, beginning	19,434,147	19,919,914
Fiduciary net position, ending	19,919,914	18,783,226
Net pension liability, ending	\$ 9,668,087	\$ 11,754,048
Fiduciary net position as a % of total pension liability	67.32%	61.51%
Covered payroll	\$ 4,959,599	\$ 5,315,783
Net pension liability as a % of covered payroll	194.94%	221.12%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Employer Contributions

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 1,350	\$ 1,225	\$ 1,110	\$ 1,005	\$ 1,133	\$ 1,123	\$ 835	\$ 710	\$ 684	\$ 758
Actual employer contribution	1,350	1,225	1,075	909	896	1,089	835	710	684	758
Contribution deficiency (Excess)	-	-	(35)	(96)	(237)	(34)	-	-	-	-
Covered payroll	5,315	4,960	4,800	4,748	4,837	4,813	4,154	4,165	3,819	3,690
Contribution as a % of covered payroll	25.40%	24.70%	22.40%	19.14%	18.52%	22.63%	20.10%	17.05%	17.91%	20.54%
Valuation Date	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008	7/1/2007	7/1/2006
Investment Rate of Return Assumption	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Money -Weighted Rate of Return

Fiscal Year Ending June 30, 2016

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

	<u>Net External Cash Flows</u>	<u>Periods Invested</u>	<u>Period Weight</u>	<u>Net External Cash Flows With Interest</u>
Beginning Value - July 1, 2015	\$ 19,919,914	12.00	1.00	\$ 19,467,004
Monthly net external cash flows:				
July	(174,225)	11.00	0.96	(170,456)
August	87,557	10.00	0.88	85,813
September	25,249	9.00	0.79	24,793
October	(77,911)	8.00	0.71	(76,652)
November	(20,492)	7.00	0.63	(20,200)
December	25,125	6.00	0.54	24,814
January	10,093	5.00	0.46	9,987
February	21,761	4.00	0.38	21,574
March	(16,158)	3.00	0.29	(16,050)
April	(763,290)	2.00	0.21	(759,641)
May	158,339	1.00	0.13	157,884
June	34,389	0.00	0.04	34,356
Ending Value - June 30, 2016	18,783,226			
Money - Weighted Rate of Return	(2.27)%			

Schedule of Investment Returns

Fiscal Year Ending June 30,	Money-Weighted Rate of Return Net of Investment Expenses
2016	(2.27)%
2015	1.39%
2014-2007	16.77%

OTHER SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Non-Major Governmental Funds

June 30, 2017

Special Revenue Funds:

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

Capital Projects Funds:

- Road Equipment Reserve Fund
- Computer Equipment Reserve Fund
- Programming Reserve Fund
- Weed Equipment Reserve Fund
- STF Vehicle Reserve Fund
- Fair Roof Reserve
- Heppner Admin. Building Fund
- Bleacher Reserve Fund
- Fair Improvement Reserve Fund
- Building Reserve Fund

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS:</u>			
Cash	\$ 2,468,655	\$ 1,005,658	\$ 3,474,313
Property taxes receivable	3,015	-	3,015
Other receivables	1,145,573	-	1,145,573
	<hr/>	<hr/>	<hr/>
Total assets	\$ 3,617,243	\$ 1,005,658	\$ 4,622,901
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 140,975	\$ 48,075	\$ 189,050
Accrued payroll and payroll taxes payable	32,304	-	32,304
Due to other funds	25,000	-	25,000
	<hr/>	<hr/>	<hr/>
Total liabilities	198,279	48,075	246,354
	<hr/>	<hr/>	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred property taxes	1,926	-	1,926
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES:</u>			
Restricted	859,327	-	859,327
Committed	2,557,711	957,583	3,515,294
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	3,417,038	957,583	4,374,621
	<hr/>	<hr/>	<hr/>
Total fund balances and liabilities	\$ 3,617,243	\$ 1,005,658	\$ 4,622,901
	<hr/>	<hr/>	<hr/>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Nonmajor Governmental Funds

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

Year Ended June 30, 2017

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ 402,336	\$ -	\$ 402,336
Intergovernmental	1,335,665	-	1,335,665
Fees, fines and charges for services	4,510,994	-	4,510,994
Interest	43,888	10,244	54,132
Miscellaneous	82,453	25,043	107,496
Total revenues	<u>6,375,336</u>	<u>35,287</u>	<u>6,410,623</u>
<u>EXPENDITURES:</u>			
General government	355,927	80,298	436,225
Public safety	1,320,139	-	1,320,139
Highways and streets	1,310,000	16,700	1,326,700
Culture and recreation	902,132	14,539	916,671
Education	189,617	-	189,617
Capital outlay	160,261	76,705	236,966
Debt service	-	379,895	379,895
Total expenditures	<u>4,238,076</u>	<u>568,137</u>	<u>4,806,213</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>2,137,260</u>	<u>(532,850)</u>	<u>1,604,410</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	90,725	708,000	798,725
Operating transfers out	(3,235,844)	-	(3,235,844)
Total other financing sources (uses)	<u>(3,145,119)</u>	<u>708,000</u>	<u>(2,437,119)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,007,859)</u>	<u>175,150</u>	<u>(832,709)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>4,424,897</u>	<u>782,433</u>	<u>5,207,330</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 3,417,038</u>	<u>\$ 957,583</u>	<u>\$ 4,374,621</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds

June 30, 2017

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

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

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds (Continued)

June 30, 2017

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

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

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2017

	<u>Heritage</u>	<u>Finley Buttes Road</u>	<u>Commission on Children and Families</u>	<u>Airport</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserve- tion</u>	<u>Finley Buttes Lic. Fees</u>
<u>ASSETS:</u>								
Cash	\$ 17,403	\$ 11,829	\$ 66,158	\$ 19,857	\$ 32,081	\$ 61,972	\$ 216,635	\$ 663
Property taxes receivable	-		-	-	-	-	-	-
Other receivables	-	66,670	-	6,225	-	73,838	85	264,109
Total assets	<u>\$ 17,403</u>	<u>\$ 78,499</u>	<u>\$ 66,158</u>	<u>\$ 26,082</u>	<u>\$ 32,081</u>	<u>\$ 135,810</u>	<u>\$ 216,720</u>	<u>\$ 264,772</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ 216	\$ -	\$ -	\$ 10,533	\$ 396	\$ -	\$ -	\$ 1,218
Accrued payroll and payroll taxes payable	-	-	-	-	-	5,008	-	-
Due to other funds	-	-	-	15,000	-	-	-	-
Total liabilities	<u>216</u>	<u>-</u>	<u>-</u>	<u>25,533</u>	<u>396</u>	<u>5,008</u>	<u>-</u>	<u>1,218</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Deferred property taxes	-	-	-	-	-	-	-	-
<u>FUND BALANCES:</u>								
Restricted	-	78,499	66,158	-	-	130,802	-	-
Committed	17,187	-	-	549	31,685	-	216,720	263,554
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>17,187</u>	<u>78,499</u>	<u>66,158</u>	<u>549</u>	<u>31,685</u>	<u>130,802</u>	<u>216,720</u>	<u>263,554</u>
	<u>\$ 17,403</u>	<u>\$ 78,499</u>	<u>\$ 66,158</u>	<u>\$ 26,082</u>	<u>\$ 32,081</u>	<u>\$ 135,810</u>	<u>\$ 216,720</u>	<u>\$ 264,772</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2017

Continued from previous page.

	<u>County School</u>	<u>Ione School</u>	<u>Fair</u>	<u>Special Trans- portation</u>	<u>Alcohol Enforcement</u>	<u>Video Lottery Economic Development</u>	<u>Victim/ Witness Assistance</u>	<u>Willow Creek Wind</u>	<u>CAMI Grant</u>
<u>ASSETS:</u>									
Cash	\$ 64	\$ 6	\$ 102,438	\$ 43,920	\$ 22,310	\$ 49,970	\$ 18,441	\$ 219	\$ 24,523
Property taxes receivable	790	77	2,148	-	-	-	-	-	-
Other receivables	-	-	-	10,572	-	-	3,963	-	790
Total assets	<u>\$ 854</u>	<u>\$ 83</u>	<u>\$ 104,586</u>	<u>\$ 54,492</u>	<u>\$ 22,310</u>	<u>\$ 49,970</u>	<u>\$ 22,404</u>	<u>\$ 219</u>	<u>\$ 25,313</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ -	\$ 4,979	\$ 3,563	\$ -	\$ -	\$ 21	\$ -	\$ 6,987
Accrued payroll and payroll taxes payable	-	-	1,574	2,973	-	-	3,010	-	-
Due to other funds	-	-	-	-	-	-	-	-	10,000
Total liabilities	<u>-</u>	<u>-</u>	<u>6,553</u>	<u>6,536</u>	<u>-</u>	<u>-</u>	<u>3,031</u>	<u>-</u>	<u>16,987</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>									
Deferred property taxes	<u>505</u>	<u>49</u>	<u>1,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>									
Restricted	349	34	-	-	22,310	49,970	-	-	8,326
Committed	-	-	96,661	47,956	-	-	19,373	219	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>349</u>	<u>34</u>	<u>96,661</u>	<u>47,956</u>	<u>22,310</u>	<u>49,970</u>	<u>19,373</u>	<u>219</u>	<u>8,326</u>
	<u>\$ 854</u>	<u>\$ 83</u>	<u>\$ 104,586</u>	<u>\$ 54,492</u>	<u>\$ 22,310</u>	<u>\$ 49,970</u>	<u>\$ 22,404</u>	<u>\$ 219</u>	<u>\$ 25,313</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2017

Continued from previous page.

	<u>Safety Committee</u>	<u>Rodeo</u>	<u>Justice Court Bail and Fine</u>	<u>Clerks Records</u>	<u>DUII Impact</u>	<u>Building Permit Fees</u>	<u>Parks</u>	<u>Equity</u>	<u>Liquor Control</u>
<u>ASSETS:</u>									
Cash	\$ 16,109	\$ 45,947	\$ 65,229	\$ 15,656	\$ 26,108	\$ 488,094	\$ 227,779	\$ 95,795	\$ 813
Property taxes receivable	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	78	-	31,083	157,829	516,569	-
Total assets	<u>\$ 16,109</u>	<u>\$ 45,947</u>	<u>\$ 65,229</u>	<u>\$ 15,734</u>	<u>\$ 26,108</u>	<u>\$ 519,177</u>	<u>\$ 385,608</u>	<u>\$ 612,364</u>	<u>\$ 813</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ 975	\$ 1,240	\$ 48,782	\$ -	\$ 13	\$ -	\$ 27,395	\$ 10,376	\$ -
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	6,790	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>975</u>	<u>1,240</u>	<u>48,782</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>34,185</u>	<u>10,376</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>									
Deferred property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>									
Restricted	-	-	16,447	-	26,095	-	-	-	813
Committed	15,134	44,707	-	15,734	-	519,177	351,423	601,988	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>15,134</u>	<u>44,707</u>	<u>16,447</u>	<u>15,734</u>	<u>26,095</u>	<u>519,177</u>	<u>351,423</u>	<u>601,988</u>	<u>813</u>
	<u>\$ 16,109</u>	<u>\$ 45,947</u>	<u>\$ 65,229</u>	<u>\$ 15,734</u>	<u>\$ 26,108</u>	<u>\$ 519,177</u>	<u>\$ 385,608</u>	<u>\$ 612,364</u>	<u>\$ 813</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2017

Continued from previous page.

	<u>Water Planning</u>	<u>Forest Service</u>	<u>Court Security</u>	<u>Echo Wind Fees</u>	<u>Shepherds Flat Fees</u>	<u>STO Operating Grant</u>	<u>Comm. Corrections Fund</u>	<u>Totals</u>
<u>ASSETS:</u>								
Cash	\$ 17,258	\$ 59,839	\$ 144,461	\$ 475	\$ 297,911	\$ 30,798	\$ 247,894	\$ 2,468,655
Property taxes receivable	-	-	-	-	-	-	-	3,015
Other receivables	-	-	170	-	-	12,899	693	1,145,573
Total assets	<u>\$ 17,258</u>	<u>\$ 59,839</u>	<u>\$ 144,631</u>	<u>\$ 475</u>	<u>\$ 297,911</u>	<u>\$ 43,697</u>	<u>\$ 248,587</u>	<u>\$ 3,617,243</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ -	\$ -	\$ 6,194	\$ -	\$ -	\$ 4,233	\$ 13,854	\$ 140,975
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	12,949	32,304
Due to other funds	-	-	-	-	-	-	-	25,000
Total liabilities	<u>-</u>	<u>-</u>	<u>6,194</u>	<u>-</u>	<u>-</u>	<u>4,233</u>	<u>26,803</u>	<u>198,279</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Deferred property taxes	-	-	-	-	-	-	-	1,926
<u>FUND BALANCES:</u>								
Restricted	-	59,839	138,437	-	-	39,464	221,784	859,327
Committed	17,258	-	-	475	297,911	-	-	2,557,711
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>17,258</u>	<u>59,839</u>	<u>138,437</u>	<u>475</u>	<u>297,911</u>	<u>39,464</u>	<u>221,784</u>	<u>3,417,038</u>
	<u>\$ 17,258</u>	<u>\$ 59,839</u>	<u>\$ 144,631</u>	<u>\$ 475</u>	<u>\$ 297,911</u>	<u>\$ 43,697</u>	<u>\$ 248,587</u>	<u>\$ 3,617,243</u>

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

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

Year Ended June 30, 2017

	<u>Heritage</u>	<u>Finley Buttes Road</u>	<u>Commission on Children/ Families</u>	<u>Airport</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserva- tion</u>	<u>Finley Buttes Lic. Fees</u>
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	3,301	-	290,158	-	-
Fees, fines, and charges for services	-	308,768	-	47,466	6,085	-	14,944	1,361,057
Interest	186	3,453	-	146	382	562	2,263	4,144
Miscellaneous	-	-	-	487	-	-	-	-
Total revenues	<u>186</u>	<u>312,221</u>	<u>-</u>	<u>51,400</u>	<u>6,467</u>	<u>290,720</u>	<u>17,207</u>	<u>1,365,201</u>
<u>EXPENDITURES:</u>								
General government	-	-	-	46,692	-	-	-	18,097
Public safety	-	-	-	-	-	242,843	-	-
Highways and streets	-	1,310,000	-	-	-	-	-	-
Culture and recreation	216	-	-	-	-	-	2,270	-
Education	-	-	-	-	6,176	-	-	-
Capital outlay	-	-	-	-	-	9,181	-	-
Total expenditures	<u>216</u>	<u>1,310,000</u>	<u>-</u>	<u>46,692</u>	<u>6,176</u>	<u>252,024</u>	<u>2,270</u>	<u>18,097</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(30)</u>	<u>(997,779)</u>	<u>-</u>	<u>4,708</u>	<u>291</u>	<u>38,696</u>	<u>14,937</u>	<u>1,347,104</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(200,000)	-	-	-	(12,000)	-	(1,233,000)
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>(1,233,000)</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(30)</u>	<u>(1,197,779)</u>	<u>-</u>	<u>4,708</u>	<u>291</u>	<u>26,696</u>	<u>14,937</u>	<u>114,104</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>17,217</u>	<u>1,276,278</u>	<u>66,158</u>	<u>(4,159)</u>	<u>31,394</u>	<u>104,106</u>	<u>201,783</u>	<u>149,450</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 17,187</u>	<u>\$ 78,499</u>	<u>\$ 66,158</u>	<u>\$ 549</u>	<u>\$ 31,685</u>	<u>\$ 130,802</u>	<u>\$ 216,720</u>	<u>\$ 263,554</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Continued from previous page.

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

Year Ended June 30, 2017

	County School	Ione School	Fair	Special Trans- portation	Alcohol Enforce- ment	Video Lottery Econ. Devel.	Victim/ Witness Assistance	Willow Creek Wind	CAMI Grant
<u>REVENUES:</u>									
Taxes	\$ 160,516	\$ 15,673	\$ 72,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,709	655	53,667	125,025	-	78,610	78,618	-	23,469
Fees, fines, and charges for services	-	-	25,516	2,379	-	-	-	38,553	-
Interest	63	6	893	547	245	424	-	36	238
Miscellaneous	-	-	3,041	-	-	-	858	-	-
Total revenues	<u>167,288</u>	<u>16,334</u>	<u>155,393</u>	<u>127,951</u>	<u>245</u>	<u>79,034</u>	<u>79,476</u>	<u>38,589</u>	<u>23,707</u>
<u>EXPENDITURES:</u>									
General government	-	-	-	137,423	-	45,150	-	-	26,654
Public safety	-	-	-	-	-	-	83,744	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	138,476	-	-	-	-	-	-
Education	167,123	16,318	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	23,000	-	-
Total expenditures	<u>167,123</u>	<u>16,318</u>	<u>138,476</u>	<u>137,423</u>	<u>-</u>	<u>45,150</u>	<u>106,744</u>	<u>-</u>	<u>26,654</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>165</u>	<u>16</u>	<u>16,917</u>	<u>(9,472)</u>	<u>245</u>	<u>33,884</u>	<u>(27,268)</u>	<u>38,589</u>	<u>(2,947)</u>
<u>OTHER FINANCING SOURCES (USES)</u>									
Operating transfers in	-	-	5,000	-	-	-	48,000	-	-
Operating transfers out	-	-	(7,000)	(7,074)	(500)	(23,670)	-	(40,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(7,074)</u>	<u>(500)</u>	<u>(23,670)</u>	<u>48,000</u>	<u>(40,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>165</u>	<u>16</u>	<u>14,917</u>	<u>(16,546)</u>	<u>(255)</u>	<u>10,214</u>	<u>20,732</u>	<u>(1,411)</u>	<u>(2,947)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>184</u>	<u>18</u>	<u>81,744</u>	<u>64,502</u>	<u>22,565</u>	<u>39,756</u>	<u>(1,359)</u>	<u>1,630</u>	<u>11,273</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 349</u>	<u>\$ 34</u>	<u>\$ 96,661</u>	<u>\$ 47,956</u>	<u>\$ 22,310</u>	<u>\$ 49,970</u>	<u>\$ 19,373</u>	<u>\$ 219</u>	<u>\$ 8,326</u>

See accompanying independent auditor's report.

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Continued from previous page.

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

Year Ended June 30, 2017

	Safety Committee	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Building Permit Fees	Parks	Equity	Liquor Control
<u>REVENUES:</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,871	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	181,672	-	-
Fees, fines, and charges for services	-	62,077	548,054	1,899	1,950	163,168	461,824	-	-
Interest	191	487	-	160	269	5,164	3,477	10,543	8
Miscellaneous	5,000	-	-	-	-	-	18,899	-	-
Total revenues	<u>5,191</u>	<u>62,564</u>	<u>548,054</u>	<u>2,059</u>	<u>2,219</u>	<u>168,332</u>	<u>819,743</u>	<u>10,543</u>	<u>8</u>
<u>EXPENDITURES:</u>									
General government	7,147	-	-	-	-	664	-	12,376	-
Public safety	-	-	549,370	-	654	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	73,238	-	-	-	-	682,932	-	-
Education	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	14,175	57,669	-	-
Total expenditures	<u>7,147</u>	<u>73,238</u>	<u>549,370</u>	<u>-</u>	<u>654</u>	<u>14,839</u>	<u>740,601</u>	<u>12,376</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,956)</u>	<u>(10,674)</u>	<u>(1,316)</u>	<u>2,059</u>	<u>1,565</u>	<u>153,493</u>	<u>79,142</u>	<u>(1,833)</u>	<u>8</u>
<u>OTHER FINANCING SOURCES (USES)</u>									
Operating transfers in	-	7,670	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(85,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(1,956)</u>	<u>(3,004)</u>	<u>(1,316)</u>	<u>2,059</u>	<u>1,565</u>	<u>68,493</u>	<u>79,142</u>	<u>(1,833)</u>	<u>8</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>17,090</u>	<u>47,711</u>	<u>17,763</u>	<u>13,675</u>	<u>24,530</u>	<u>450,684</u>	<u>272,281</u>	<u>603,821</u>	<u>805</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 15,134</u>	<u>\$ 44,707</u>	<u>\$ 16,447</u>	<u>\$ 15,734</u>	<u>\$ 26,095</u>	<u>\$ 519,177</u>	<u>\$ 351,423</u>	<u>\$ 601,988</u>	<u>\$ 813</u>

See accompanying independent auditor's report.

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Continued from previous page.

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

Year Ended June 30, 2017

	<u>Water Planning</u>	<u>Forest Service</u>	<u>Court Security</u>	<u>Echo Wind Fees</u>	<u>Shepherds Flat Fees</u>	<u>STO Operating Grant</u>	<u>Comm. Corrections Fund</u>	<u>Totals</u>
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,336
Intergovernmental	-	-	-	-	-	39,874	453,907	1,335,665
Fees, fines, and charges for services	-	-	12,903	36,990	1,379,922	-	37,439	4,510,994
Interest	-	602	1,502	475	4,569	49	2,804	43,888
Miscellaneous	-	-	-	-	-	54,168	-	82,453
Total revenues	<u>-</u>	<u>602</u>	<u>14,405</u>	<u>37,465</u>	<u>1,384,491</u>	<u>94,091</u>	<u>494,150</u>	<u>6,375,336</u>
<u>EXPENDITURES:</u>								
General government	-	-	-	28,539	21,500	11,685	-	355,927
Public safety	-	-	8,726	-	-	-	434,802	1,320,139
Highways and streets	-	-	-	-	-	-	-	1,310,000
Culture and recreation	5,000	-	-	-	-	-	-	902,132
Education	-	-	-	-	-	-	-	189,617
Capital outlay	-	-	-	-	-	56,236	-	160,261
Total expenditures	<u>5,000</u>	<u>-</u>	<u>8,726</u>	<u>28,539</u>	<u>21,500</u>	<u>67,921</u>	<u>434,802</u>	<u>4,238,076</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(5,000)</u>	<u>602</u>	<u>5,679</u>	<u>8,926</u>	<u>1,362,991</u>	<u>26,170</u>	<u>59,348</u>	<u>2,137,260</u>
<u>OTHER FINANCING SOURCES (USES)</u>								
Operating transfers in	-	-	-	22,981	-	7,074	-	90,725
Operating transfers out	-	-	-	(114,600)	(1,513,000)	-	-	(3,235,844)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,619)</u>	<u>(1,513,000)</u>	<u>7,074</u>	<u>-</u>	<u>(3,145,119)</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(5,000)</u>	<u>602</u>	<u>5,679</u>	<u>(82,693)</u>	<u>(150,009)</u>	<u>33,244</u>	<u>59,348</u>	<u>(1,007,859)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>22,258</u>	<u>59,237</u>	<u>132,758</u>	<u>83,168</u>	<u>447,920</u>	<u>6,220</u>	<u>162,436</u>	<u>4,424,897</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 17,258</u>	<u>\$ 59,839</u>	<u>\$ 138,437</u>	<u>\$ 475</u>	<u>\$ 297,911</u>	<u>\$ 39,464</u>	<u>\$ 221,784</u>	<u>\$ 3,417,038</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Heritage Trail Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 85	\$ 85	\$ 186	\$ 101
Total revenues	<u>85</u>	<u>85</u>	<u>186</u>	<u>101</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>17,485</u>	<u>17,485</u>	<u>216</u>	<u>17,269</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(17,400)	(17,400)	(30)	17,370
<u>FUND BALANCES, BEGINNING</u>				
	<u>17,400</u>	<u>17,400</u>	<u>17,217</u>	<u>(183)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,187</u>	<u>\$ 17,187</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Finley Buttes Road Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Landfill fees	\$ 275,000	\$ 275,000	\$ 308,768	\$ 33,768
Interest	5,000	5,000	3,453	(1,547)
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>312,221</u>	<u>32,221</u>
<u>EXPENDITURES:</u>				
Contractual services	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,310,000</u>	<u>20,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(1,050,000)	(1,050,000)	(997,779)	52,221
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,250,000)	(1,250,000)	(1,197,779)	52,221
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,276,278</u>	<u>26,278</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,499</u>	<u>\$ 78,499</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Commission on Children and Families Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES:</u>	-	-	-	-
Total expenditures	-	-	-	-
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	-	-	-	-
<u>FUND BALANCES, BEGINNING</u>	-	-	-	-
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Airport Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants and other	\$ -	\$ -	\$ 3,301	\$ 3,301
Rental and leases	14,230	14,230	11,895	(2,335)
Charges for services	21,300	21,300	35,571	14,271
Interest	60	60	146	86
Miscellaneous revenue	-	-	487	487
Total revenues	<u>35,590</u>	<u>35,590</u>	<u>51,400</u>	<u>15,810</u>
<u>EXPENDITURES:</u>				
Materials and services	35,530	37,030	46,692	(9,662)
Contingency	1,560	60	-	60
Total expenditures	<u>37,090</u>	<u>37,090</u>	<u>46,692</u>	<u>(9,602)</u>
<u>NET CHANGE IN FUND BALANCES</u>	(1,500)	(1,500)	4,708	6,208
<u>FUND BALANCES, BEGINNING</u>	<u>1,500</u>	<u>1,500</u>	<u>(4,159)</u>	<u>(5,659)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549</u>	<u>\$ 549</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Law Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State court, clerk fees	\$ 5,000	\$ 5,000	\$ 6,085	\$ 1,085
Interest	130	130	382	252
Other	-	-	-	-
Total revenues	<u>5,130</u>	<u>5,130</u>	<u>6,467</u>	<u>1,337</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>39,380</u>	<u>39,380</u>	<u>6,176</u>	<u>33,204</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(34,250)	(34,250)	291	34,541
<u>FUND BALANCES, BEGINNING</u>				
	<u>34,250</u>	<u>34,250</u>	<u>31,394</u>	<u>(2,856)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,685</u>	<u>\$ 31,685</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

911 Emergency Telephone Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State 911 apportionment	\$ 262,300	\$ 262,300	\$ 290,158	\$ 27,858
Interest	700	700	562	(138)
Other	500	500	-	(500)
Total revenues	<u>263,500</u>	<u>263,500</u>	<u>290,720</u>	<u>27,220</u>
<u>EXPENDITURES:</u>				
Personnel services	232,931	232,931	204,244	28,687
Materials and services	65,727	65,727	33,600	32,127
Capital outlay	29,000	29,000	16,518	12,482
Total expenditures	<u>327,658</u>	<u>327,658</u>	<u>254,362</u>	<u>73,296</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(64,158)	(64,158)	36,358	100,516
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(12,000)	(12,000)	(12,000)	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(76,158)	(76,158)	24,358	100,516
<u>FUND BALANCES, BEGINNING</u>				
	76,158	76,158	97,584	21,426
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,942</u>	<u>\$ 121,942</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Surveyor Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for services	\$ 12,500	\$ 12,500	\$ 14,944	\$ 2,444
Interest	950	950	2,263	1,313
Total revenues	<u>13,450</u>	<u>13,450</u>	<u>17,207</u>	<u>3,757</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>218,450</u>	<u>218,450</u>	<u>2,270</u>	<u>216,180</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(205,000)	(205,000)	14,937	219,937
<u>FUND BALANCES, BEGINNING</u>				
	<u>205,000</u>	<u>205,000</u>	<u>201,783</u>	<u>(3,217)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,720</u>	<u>\$ 216,720</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Finley Buttes License Fee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Landfill license fees	\$ 1,250,000	\$ 1,250,000	\$ 1,361,057	\$ 111,057
Interest	600	600	4,144	3,544
Total revenues	<u>1,250,600</u>	<u>1,250,600</u>	<u>1,365,201</u>	<u>114,601</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>25,600</u>	<u>25,600</u>	<u>18,097</u>	<u>7,503</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,225,000	1,225,000	1,347,104	122,104
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(1,275,000)</u>	<u>(1,275,000)</u>	<u>(1,233,000)</u>	<u>42,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	(50,000)	(50,000)	114,104	164,104
<u>FUND BALANCES, BEGINNING</u>	<u>50,000</u>	<u>50,000</u>	<u>149,450</u>	<u>99,450</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,554</u>	<u>\$ 263,554</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

County School Fund (ORS 328.005)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 25,013	\$ 25,013	\$ 26,578	\$ 1,565
Federal forest rentals (25%)	33,000	33,000	6,709	(26,291)
In lieu of taxes	113,510	113,510	133,938	20,428
Interest	40	40	63	23
Total revenues	<u>171,563</u>	<u>171,563</u>	<u>167,288</u>	<u>(4,275)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>171,813</u>	<u>171,813</u>	<u>167,123</u>	<u>4,690</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(250)	(250)	165	415
<u>FUND BALANCES, BEGINNING</u>				
	<u>250</u>	<u>250</u>	<u>184</u>	<u>(66)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349</u>	<u>\$ 349</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Ione School Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 2,431	\$ 2,431	\$ 2,588	\$ 157
Federal forest rentals	500	500	655	155
In lieu of taxes	10,325	13,711	13,085	(626)
Interest	5	5	6	1
Total revenues	<u>13,261</u>	<u>16,647</u>	<u>16,334</u>	<u>(313)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>13,281</u>	<u>16,667</u>	<u>16,318</u>	<u>349</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(20)	(20)	16	36
<u>FUND BALANCES, BEGINNING</u>				
	<u>20</u>	<u>20</u>	<u>18</u>	<u>(2)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 34</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Fair Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Gate admissions	\$ 5,000	\$ 5,000	\$ 6,063	\$ 1,063
Concessions	1,050	1,050	480	(570)
Rental of facilities	4,200	4,200	5,108	908
Donations	500	500	225	(275)
Sponsors and premium book advertising	16,000	16,000	13,640	(2,360)
Other	2,050	2,050	3,041	991
Intergovernmental (Oregon State)	52,000	52,000	53,667	1,667
Property taxes	67,853	67,853	72,276	4,423
Interest	160	160	893	733
Total revenues	<u>148,813</u>	<u>148,813</u>	<u>155,393</u>	<u>6,580</u>
<u>EXPENDITURES:</u>				
Administrative and non-departmental	57,560	57,560	47,938	9,622
Fair	89,707	89,707	78,430	11,277
Queen and court	5,650	5,650	-	5,650
Multipurpose buildings	4,050	4,050	3,029	1,021
St. Pats event	2,260	2,260	-	2,260
Capital outlay	11,255	11,255	9,532	1,723
Operating contingency	27,761	27,761	-	27,761
Total expenditures	<u>198,243</u>	<u>198,243</u>	<u>138,929</u>	<u>59,314</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	<u>(49,430)</u>	<u>(49,430)</u>	<u>16,464</u>	<u>65,894</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	5,000	5,000	5,000	-
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(51,430)</u>	<u>(51,430)</u>	<u>14,464</u>	<u>65,894</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>66,430</u>	<u>66,430</u>	<u>79,579</u>	<u>13,149</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 94,043</u>	<u>\$ 79,043</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Special Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Grants	\$ 180,000	\$ 180,000	\$ 80,000	\$ (100,000)
Bus receipts and other	2,500	2,500	2,379	(121)
Interest	300	300	547	247
Other	200	200	45,025	44,825
Total revenues	<u>183,000</u>	<u>183,000</u>	<u>127,951</u>	<u>(55,049)</u>
<u>EXPENDITURES:</u>				
Personal services	77,763	77,763	71,086	6,677
Materials and services	68,600	68,600	66,600	2,000
Contingency	11,813	11,813	-	11,813
Total expenditures	<u>158,176</u>	<u>158,176</u>	<u>137,686</u>	<u>20,490</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	<u>24,824</u>	<u>24,824</u>	<u>(9,735)</u>	<u>(34,559)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(62,074)</u>	<u>(62,074)</u>	<u>(7,074)</u>	<u>55,000</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(37,250)	(37,250)	(16,809)	20,441
<u>FUND BALANCES, BEGINNING</u>				
	<u>37,250</u>	<u>37,250</u>	<u>56,316</u>	<u>19,066</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,507</u>	<u>\$ 39,507</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Alcohol Enforcement Fund (ORS 471.670)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines and forfeits	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Interest	100	100	245	145
Total revenues	<u>2,100</u>	<u>2,100</u>	<u>245</u>	<u>(1,855)</u>
<u>EXPENDITURES:</u>				
Materials and services	21,600	21,600	-	21,600
Capital outlay	3,000	3,000	-	3,000
Total expenditures	<u>24,600</u>	<u>24,600</u>	<u>-</u>	<u>24,600</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(22,500)	(22,500)	245	22,745
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(23,000)	(23,000)	(255)	22,745
<u>FUND BALANCES, BEGINNING</u>				
	<u>23,000</u>	<u>23,000</u>	<u>22,565</u>	<u>(435)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,310</u>	<u>\$ 22,310</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Video Lottery Economic Development
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Video lottery	\$ 70,400	\$ 70,400	\$ 78,610	\$ 8,210
Interest	120	120	424	304
Total revenues	<u>70,520</u>	<u>70,520</u>	<u>79,034</u>	<u>8,514</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>65,000</u>	<u>65,000</u>	<u>45,150</u>	<u>19,850</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	5,520	5,520	33,884	28,364
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(23,670)</u>	<u>(23,670)</u>	<u>(23,670)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(18,150)	(18,150)	10,214	28,364
<u>FUND BALANCES, BEGINNING</u>	<u>18,150</u>	<u>18,150</u>	<u>39,756</u>	<u>21,606</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,970</u>	<u>\$ 49,970</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Victim-Witness Assistance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State apportionment	\$ 62,920	\$ 67,920	\$ 78,618	\$ 10,698
Other	-	-	858	858
Total revenues	<u>62,920</u>	<u>67,920</u>	<u>79,476</u>	<u>11,556</u>
<u>EXPENDITURES:</u>				
Personal services	86,964	86,964	78,055	8,909
Materials and services	3,500	7,500	4,618	2,882
Capital outlay	22,206	23,206	23,000	206
Total expenditures	<u>112,670</u>	<u>117,670</u>	<u>105,673</u>	<u>11,997</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(49,750)	(49,750)	(26,197)	23,553
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,750)	(1,750)	21,803	23,553
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,750</u>	<u>1,750</u>	<u>(7,485)</u>	<u>(9,235)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,318</u>	<u>\$ 14,318</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Willow Creek Wind
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Wind fees	\$ 46,000	\$ 46,000	\$ 38,553	\$ (7,447)
Interest	120	120	36	(84)
Total revenues	<u>46,120</u>	<u>46,120</u>	<u>38,589</u>	<u>(7,531)</u>
<u>EXPENDITURES:</u>				
Other requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>	46,120	46,120	38,589	(7,531)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(49,170)</u>	<u>(49,170)</u>	<u>(40,000)</u>	<u>9,170</u>
<u>NET CHANGE IN FUND BALANCES</u>	(3,050)	(3,050)	(1,411)	1,639
<u>FUND BALANCES, BEGINNING</u>	<u>3,050</u>	<u>3,050</u>	<u>1,630</u>	<u>(1,420)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 219</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

CAMI Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Grants	\$ 22,000	\$ 22,000	\$ 23,469	\$ 1,469
Interest	75	75	238	163
Total revenues	<u>22,075</u>	<u>22,075</u>	<u>23,707</u>	<u>1,632</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>27,875</u>	<u>27,875</u>	<u>26,654</u>	<u>1,221</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(5,800)	(5,800)	(2,947)	2,853
<u>FUND BALANCES, BEGINNING</u>	<u>5,800</u>	<u>5,800</u>	<u>11,273</u>	<u>5,473</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,326</u>	<u>\$ 8,326</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Safety Committee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
SAIF dividend	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Interest	60	60	191	131
Total revenues	<u>5,060</u>	<u>5,060</u>	<u>5,191</u>	<u>131</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>26,360</u>	<u>26,360</u>	<u>7,147</u>	<u>19,213</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(21,300)	(21,300)	(1,956)	19,344
<u>FUND BALANCES, BEGINNING</u>				
	<u>21,300</u>	<u>21,300</u>	<u>17,090</u>	<u>(4,210)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,134</u>	<u>\$ 15,134</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Rodeo Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Gate admissions	\$ 14,350	\$ 14,350	\$ 12,931	\$ (1,419)
Concessions	13,400	13,400	11,636	(1,764)
Rodeo entry fees and others	6,000	6,000	5,412	(588)
Rodeo sponsor fees	7,250	7,250	5,925	(1,325)
Donations	20,990	20,990	23,325	2,335
Other	2,000	2,000	2,848	848
Interest	150	150	487	337
Total revenues	<u>64,140</u>	<u>64,140</u>	<u>62,564</u>	<u>(1,576)</u>
<u>EXPENDITURES:</u>				
Materials and services	87,875	87,875	71,460	16,415
Capital outlay	15,500	15,500	1,778	13,722
Contingency	18,235	18,235	-	18,235
Total expenditures	<u>121,610</u>	<u>121,610</u>	<u>73,238</u>	<u>48,372</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(57,470)</u>	<u>(57,470)</u>	<u>(10,674)</u>	<u>46,796</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>7,670</u>	<u>7,670</u>	<u>7,670</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(49,800)</u>	<u>(49,800)</u>	<u>(3,004)</u>	<u>46,796</u>
<u>FUND BALANCES, BEGINNING</u>	<u>49,800</u>	<u>49,800</u>	<u>47,711</u>	<u>(2,089)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,707</u>	<u>\$ 44,707</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Justice Court Bail and Fine Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines	\$ 322,000	\$ 529,000	\$ 548,054	\$ 19,054
<u>EXPENDITURES:</u>				
Fine turnover	<u>343,000</u>	<u>550,000</u>	<u>549,370</u>	<u>630</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	(21,000)	(21,000)	(1,316)	19,684
<u>FUND BALANCES, BEGINNING</u>	<u>21,000</u>	<u>21,000</u>	<u>17,763</u>	<u>(3,237)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,447</u>	<u>\$ 16,447</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Clerks Records Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Records fees	\$ 1,700	\$ 1,700	\$ 1,899	\$ 199
Interest	60	60	160	100
Total revenues	<u>1,760</u>	<u>1,760</u>	<u>2,059</u>	<u>299</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>14,760</u>	<u>14,760</u>	-	<u>14,760</u>
Total expenditures	<u>14,760</u>	<u>14,760</u>	-	<u>14,760</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(13,000)	(13,000)	2,059	15,059
<u>FUND BALANCES, BEGINNING</u>				
	<u>13,000</u>	<u>13,000</u>	<u>13,675</u>	<u>675</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,734</u>	<u>\$ 15,734</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

DUII Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Court ordered fees	\$ 1,000	\$ 1,000	\$ 1,950	\$ 950
Interest	100	100	269	169
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>2,219</u>	<u>1,119</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>25,625</u>	<u>25,625</u>	<u>654</u>	<u>24,971</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(24,525)	(24,525)	1,565	26,090
<u>FUND BALANCES, BEGINNING</u>				
	<u>24,525</u>	<u>24,525</u>	<u>24,530</u>	<u>5</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,095</u>	<u>\$ 26,095</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Building Permit Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Building permit fees	\$ 90,000	\$ 90,000	\$ 163,168	\$ 73,168
Interest	1,250	1,250	5,164	3,914
Total revenues	<u>91,250</u>	<u>91,250</u>	<u>168,332</u>	<u>77,082</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>14,839</u>	<u>161</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>				
	76,250	76,250	153,493	77,243
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(8,750)	(8,750)	68,493	77,243
<u>FUND BALANCES, BEGINNING</u>	<u>390,000</u>	<u>390,000</u>	<u>450,684</u>	<u>60,684</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 381,250</u>	<u>\$ 381,250</u>	<u>\$ 519,177</u>	<u>\$ 137,927</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Park Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 685,020	\$ 723,020	\$ 461,824	\$ (261,196)
Camping fees and other charges for services	157,957	161,031	181,672	20,641
State apportionment	100,000	100,000	153,871	53,871
Interest	800	800	3,477	2,677
Other	3,050	3,050	18,899	15,849
Total revenues	<u>946,827</u>	<u>987,901</u>	<u>819,743</u>	<u>(168,158)</u>
<u>EXPENDITURES:</u>				
Cutsforth park	486,771	486,771	254,853	231,918
Anson Wright park	43,136	46,210	47,235	(1,025)
OHV park	546,920	584,920	438,261	146,659
Contingency	25,000	25,000	-	25,000
Total expenditures	<u>1,101,827</u>	<u>1,142,901</u>	<u>740,349</u>	<u>402,552</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(155,000)	(155,000)	79,394	234,394
<u>FUND BALANCES, BEGINNING</u>				
	<u>155,000</u>	<u>155,000</u>	<u>267,209</u>	<u>112,209</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,603</u>	<u>\$ 346,603</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Equity Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest-Loans	\$ 6,500	\$ 56,500	\$ 8,987	\$ (47,513)
Interest	1,050	1,050	1,556	506
Total revenues	<u>7,550</u>	<u>57,550</u>	<u>10,543</u>	<u>(47,007)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>17,550</u>	<u>67,550</u>	<u>12,376</u>	<u>55,174</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(10,000)	(10,000)	(1,833)	8,167
<u>FUND BALANCES, BEGINNING</u>	<u>10,000</u>	<u>10,000</u>	<u>603,821</u>	<u>593,821</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,988</u>	<u>\$ 601,988</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Liquor Control Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 8</u>	<u>\$ 3</u>
Total Revenues	<u>5</u>	<u>5</u>	<u>8</u>	<u>3</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>5</u>	<u>5</u>	<u>8</u>	<u>3</u>
<u>FUND BALANCES, BEGINNING</u>	<u>805</u>	<u>805</u>	<u>805</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 810</u>	<u>\$ 810</u>	<u>\$ 813</u>	<u>\$ 3</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Water Planning Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grant revenue	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES:</u>				
Materials and services	5,000	5,000	5,000	-
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(5,000)	(5,000)	(5,000)	-
<u>FUND BALANCES, BEGINNING</u>	-	-	22,258	22,258
<u>FUND BALANCES, ENDING</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 17,258</u>	<u>\$ 22,258</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Forest Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State apportionment	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Interest	250	250	602	352
Total revenues	<u>5,250</u>	<u>5,250</u>	<u>602</u>	<u>(4,648)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>64,500</u>	<u>64,500</u>	<u>-</u>	<u>64,500</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(59,250)	(59,250)	602	59,852
<u>FUND BALANCES, BEGINNING</u>				
	<u>59,250</u>	<u>59,250</u>	<u>59,237</u>	<u>(13)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,839</u>	<u>\$ 59,839</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Court Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Court security	\$ 10,000	\$ 10,000	\$ 12,903	\$ 2,903
Interest	625	625	1,502	877
Total revenues	<u>10,625</u>	<u>10,625</u>	<u>14,405</u>	<u>3,780</u>
<u>EXPENDITURES:</u>				
Materials and services	113,625	113,625	8,726	104,899
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>123,625</u>	<u>123,625</u>	<u>8,726</u>	<u>114,899</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(113,000)	(113,000)	5,679	118,679
<u>FUND BALANCES, BEGINNING</u>				
	<u>133,000</u>	<u>133,000</u>	<u>132,758</u>	<u>(242)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 138,437</u>	<u>\$ 118,437</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Echo Wind Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Wind fees	\$ 60,000	\$ 60,000	\$ 36,990	\$ (23,010)
Interest	100	100	475	375
Total revenues	<u>60,100</u>	<u>60,100</u>	<u>37,465</u>	<u>(22,635)</u>
<u>EXPENDITURES:</u>				
Other requirements	<u>22,981</u>	<u>22,981</u>	<u>28,539</u>	<u>(5,558)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	37,119	37,119	8,926	(28,193)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	22,981	22,981	22,981	-
Transfers out	<u>(114,600)</u>	<u>(114,600)</u>	<u>(114,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>(91,619)</u>	<u>(91,619)</u>	<u>(91,619)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(54,500)	(54,500)	(82,693)	(28,193)
<u>FUND BALANCES, BEGINNING</u>	<u>54,500</u>	<u>54,500</u>	<u>83,168</u>	<u>28,668</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 475</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Shepherds Flat Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Wind fees	\$ 1,307,000	\$ 1,307,000	\$ 1,379,922	\$ 72,922
Interest	1,800	1,800	4,569	2,769
Total revenues	<u>1,308,800</u>	<u>1,308,800</u>	<u>1,384,491</u>	<u>75,691</u>
<u>EXPENDITURES:</u>				
Materials and services	219,300	219,300	-	219,300
Capital outlay	21,500	21,500	21,500	-
Total expenditures	<u>240,800</u>	<u>240,800</u>	<u>21,500</u>	<u>219,300</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,068,000	1,068,000	1,362,991	294,991
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(1,513,000)</u>	<u>(1,513,000)</u>	<u>(1,513,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(445,000)	(445,000)	(150,009)	294,991
<u>FUND BALANCES, BEGINNING</u>				
	<u>445,000</u>	<u>445,000</u>	<u>447,920</u>	<u>2,920</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,911</u>	<u>\$ 297,911</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

STO Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
STO operating grant	\$ 89,876	\$ 89,876	\$ 39,874	\$ (50,002)
Interest	20	20	49	29
Other	-	-	54,168	54,168
Total revenues	<u>89,896</u>	<u>89,896</u>	<u>94,091</u>	<u>4,195</u>
<u>EXPENDITURES:</u>				
Materials and services	55,303	55,303	35,486	19,817
Capital outlay	47,147	47,147	32,435	14,712
Total expenditures	<u>102,450</u>	<u>102,450</u>	<u>67,921</u>	<u>34,529</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(12,554)	(12,554)	26,170	38,724
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>7,074</u>	<u>7,074</u>	<u>7,074</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(5,480)	(5,480)	33,244	38,724
<u>FUND BALANCES, BEGINNING</u>				
	<u>5,480</u>	<u>5,480</u>	<u>6,220</u>	<u>740</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,464</u>	<u>\$ 39,464</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Community Corrections Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State P&P revenue	\$ 382,883	\$ 382,883	\$ 453,907	\$ 71,024
Charges for services and other	30,500	30,500	37,439	6,939
Interest	600	600	2,804	2,204
Other	500	500	-	(500)
Total revenues	<u>414,483</u>	<u>414,483</u>	<u>494,150</u>	<u>79,667</u>
<u>EXPENDITURES:</u>				
Personal services	382,915	382,915	367,163	15,752
Materials and services	96,477	96,477	66,888	29,589
Capital outlay	1,500	1,500	685	815
Contingency	31,016	31,016	-	31,016
Total expenditures	<u>511,908</u>	<u>511,908</u>	<u>434,736</u>	<u>77,172</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(97,425)	(97,425)	59,414	156,839
<u>FUND BALANCES, BEGINNING</u>				
	<u>97,425</u>	<u>97,425</u>	<u>153,691</u>	<u>56,266</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,105</u>	<u>\$ 213,105</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Non-Major Capital Projects Funds

June 30, 2017

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

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

MORROW COUNTY, OREGON

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2017

	<u>Road Equipment Reserve</u>	<u>Computer Equipment Reserve</u>	<u>Program- ming Reserve</u>	<u>Weed Equipment Reserve</u>	<u>STF Vehicle Reserve</u>	<u>Fair Roof Reserve</u>	<u>Heppner Admin. Building</u>	<u>Bleacher Reserve</u>	<u>Fair Improve. Reserve</u>	<u>Building Reserve</u>	<u>Totals</u>
<u>ASSETS:</u>											
Cash	<u>\$ 465,353</u>	<u>\$ 53,113</u>	<u>\$ 53,868</u>	<u>\$ 5,025</u>	<u>\$ 136,448</u>	<u>\$ 17,505</u>	<u>\$ 41,231</u>	<u>\$ 25,945</u>	<u>\$ 5,533</u>	<u>\$ 201,637</u>	<u>\$1,005,658</u>
Total assets	<u><u>\$ 465,353</u></u>	<u><u>\$ 53,113</u></u>	<u><u>\$ 53,868</u></u>	<u><u>\$ 5,025</u></u>	<u><u>\$ 136,448</u></u>	<u><u>\$ 17,505</u></u>	<u><u>\$ 41,231</u></u>	<u><u>\$ 25,945</u></u>	<u><u>\$ 5,533</u></u>	<u><u>\$ 201,637</u></u>	<u><u>\$1,005,658</u></u>
<u>LIABILITIES AND FUND BALANCES</u>											
<u>LIABILITIES:</u>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 41,375	\$ -	\$ -	\$ -	\$ -	\$ 6,700	\$ 48,075
<u>FUND BALANCES:</u>											
Committed	<u>465,353</u>	<u>53,113</u>	<u>53,868</u>	<u>5,025</u>	<u>95,073</u>	<u>17,505</u>	<u>41,231</u>	<u>25,945</u>	<u>5,533</u>	<u>194,937</u>	<u>957,583</u>
Total liabilities and fund balances	<u><u>\$ 465,353</u></u>	<u><u>\$ 53,113</u></u>	<u><u>\$ 53,868</u></u>	<u><u>\$ 5,025</u></u>	<u><u>\$ 136,448</u></u>	<u><u>\$ 17,505</u></u>	<u><u>\$ 41,231</u></u>	<u><u>\$ 25,945</u></u>	<u><u>\$ 5,533</u></u>	<u><u>\$ 201,637</u></u>	<u><u>\$1,005,658</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Nonmajor Capital Project Funds

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

Year Ended June 30, 2017

	<u>Road Equipment Reserve</u>	<u>Computer Equipment Reserve</u>	<u>Program- ming Reserve</u>	<u>Weed Equipment Reserve</u>	<u>STF Vehicle Reserve</u>	<u>Fair Roof Reserve</u>	<u>Heppner Admin. Building</u>	<u>Bleacher Reserve</u>	<u>Fair Improve. Reserve</u>	<u>Building Reserve</u>	<u>Totals</u>
<u>REVENUES:</u>											
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 25,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,043
Interest	4,539	494	454	25	1,380	168	941	298	7	1,938	10,244
Total revenues	<u>4,539</u>	<u>494</u>	<u>454</u>	<u>25</u>	<u>26,423</u>	<u>168</u>	<u>941</u>	<u>298</u>	<u>7</u>	<u>1,938</u>	<u>35,287</u>
<u>EXPENDITURES</u>											
General government	-	-	-	-	23,801	-	46,989	-	-	9,508	80,298
Highways and streets	16,700	-	-	-	-	-	-	-	-	-	16,700
Cultural and recreation	-	-	-	-	-	-	-	14,539	-	-	14,539
Capital outlay	35,330	-	-	-	41,375	-	-	-	-	-	76,705
Debt service	-	-	-	-	-	-	379,895	-	-	-	379,895
Total expenditures	<u>52,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,176</u>	<u>-</u>	<u>426,884</u>	<u>14,539</u>	<u>-</u>	<u>9,508</u>	<u>568,137</u>
<u>EXCESS (DEFICIENCY) OF</u>											
<u>REVENUES OVER (UNDER)</u>											
<u>EXPENDITURES</u>	<u>(47,491)</u>	<u>494</u>	<u>454</u>	<u>25</u>	<u>(38,753)</u>	<u>168</u>	<u>(425,943)</u>	<u>(14,241)</u>	<u>7</u>	<u>(7,570)</u>	<u>(532,850)</u>
<u>OTHER FINANCING</u>											
<u>SOURCES:</u>											
Transfers in	175,000	15,000	15,000	5,000	-	2,000	441,000	-	5,000	50,000	708,000
Total other financing sources	<u>175,000</u>	<u>15,000</u>	<u>15,000</u>	<u>5,000</u>	<u>-</u>	<u>2,000</u>	<u>441,000</u>	<u>-</u>	<u>5,000</u>	<u>50,000</u>	<u>708,000</u>
<u>NET CHANGE IN</u>											
<u>FUND BALANCES</u>											
	127,509	15,494	15,454	5,025	(38,753)	2,168	15,057	(14,241)	5,007	42,430	175,150
<u>FUND BALANCES, BEGIN.</u>	<u>337,844</u>	<u>37,619</u>	<u>38,414</u>	<u>-</u>	<u>133,826</u>	<u>15,337</u>	<u>26,174</u>	<u>40,186</u>	<u>526</u>	<u>152,507</u>	<u>782,433</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 465,353</u>	<u>\$ 53,113</u>	<u>\$ 53,868</u>	<u>\$ 5,025</u>	<u>\$ 95,073</u>	<u>\$ 17,505</u>	<u>\$ 41,231</u>	<u>\$ 25,945</u>	<u>\$ 5,533</u>	<u>\$ 194,937</u>	<u>\$ 957,583</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Road Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 650	\$ 650	\$ 4,539	3,889
Total revenues	<u>650</u>	<u>650</u>	<u>4,539</u>	<u>3,889</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>512,900</u>	<u>512,900</u>	<u>52,030</u>	<u>460,870</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(512,250)	(512,250)	(47,491)	464,759
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(337,250)	(337,250)	127,509	464,759
<u>FUND BALANCES, BEGINNING</u>				
	<u>337,250</u>	<u>337,250</u>	<u>337,844</u>	<u>594</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,353</u>	<u>\$ 465,353</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Computer Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 150	\$ 150	\$ 494	\$ 344
<u>EXPENDITURES:</u>				
Capital outlay	52,700	52,700	-	52,700
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(52,550)	(52,550)	494	53,044
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	15,000	15,000	15,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(37,550)	(37,550)	15,494	53,044
<u>FUND BALANCES, BEGINNING</u>	37,550	37,550	37,619	69
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,113</u>	<u>\$ 53,113</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Programming Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 454</u>	<u>\$ 354</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>53,500</u>	<u>53,500</u>	<u>-</u>	<u>53,500</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(53,400)</u>	<u>(53,400)</u>	<u>454</u>	<u>53,854</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(38,400)</u>	<u>(38,400)</u>	<u>15,454</u>	<u>53,854</u>
<u>FUND BALANCES, BEGINNING</u>	<u>38,400</u>	<u>38,400</u>	<u>38,414</u>	<u>14</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,868</u>	<u>\$ 53,868</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Weed Equipment Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 150	\$ 150	\$ 25	\$ (125)
<u>EXPENDITURES:</u>				
Capital outlay	36,094	36,094	-	36,094
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(35,944)	(35,944)	25	35,969
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	5,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(30,944)	(30,944)	5,025	35,969
<u>FUND BALANCES, BEGINNING</u>	30,944	30,944	-	(30,944)
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,025</u>	<u>\$ 5,025</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

STF Vehicle Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Sale of equipment	\$ -	\$ -	\$ 25,043	\$ 25,043
Interest	525	525	1,380	855
Total revenues	<u>525</u>	<u>525</u>	<u>26,423</u>	<u>25,898</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>185,525</u>	<u>185,525</u>	<u>65,176</u>	<u>120,349</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(185,000)	(185,000)	(38,753)	146,247
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(130,000)	(130,000)	(38,753)	91,247
<u>FUND BALANCES, BEGINNING</u>				
	<u>130,000</u>	<u>130,000</u>	<u>133,826</u>	<u>3,826</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,073</u>	<u>\$ 95,073</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Fair Roof Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ 168</u>	<u>\$ 103</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>17,565</u>	<u>17,565</u>	<u>-</u>	<u>17,565</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>168</u>	<u>17,668</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(15,500)</u>	<u>(15,500)</u>	<u>2,168</u>	<u>17,668</u>
<u>FUND BALANCES, BEGINNING</u>	<u>15,500</u>	<u>15,500</u>	<u>15,337</u>	<u>(163)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,505</u>	<u>\$ 17,505</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Heppner Administrative Building Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ 941	\$ 941
Total revenues	-	-	941	941
<u>EXPENDITURES:</u>				
Materials and services	394,000	391,000	379,896	11,104
Capital outlay	-	50,000	46,988	3,012
Total expenditures	394,000	441,000	426,884	14,116
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(394,000)	(441,000)	(425,943)	15,057
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	394,000	441,000	441,000	-
Total other financing sources	394,000	441,000	441,000	-
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	15,057	15,057
<u>FUND BALANCES, BEGINNING</u>				
	-	-	26,174	26,174
<u>FUND BALANCES, ENDING</u>				
	\$ -	\$ -	\$ 41,231	\$ 41,231

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Bleacher Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) to Actual

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 298</u>	<u>\$ 98</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>40,350</u>	<u>40,350</u>	<u>14,539</u>	<u>25,811</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(40,150)</u>	<u>(40,150)</u>	<u>(14,241)</u>	<u>25,909</u>
<u>FUND BALANCES, BEGINNING</u>	<u>40,150</u>	<u>40,150</u>	<u>40,186</u>	<u>36</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,945</u>	<u>\$ 25,945</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON
Fair Improvement Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 10	\$ 10	\$ 7	\$ (3)
<u>EXPENDITURES:</u>				
Capital outlay	5,535	5,535	-	5,535
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(5,525)	(5,525)	7	5,532
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	5,000	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(525)	(525)	5,007	5,532
<u>FUND BALANCES, BEGINNING</u>				
	525	525	526	1
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,533</u>	<u>\$ 5,533</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Building Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 600	\$ 600	\$ 1,938	\$ 1,338
<u>EXPENDITURES</u>				
Capital outlay	206,100	206,100	9,508	196,592
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(205,500)	(205,500)	(7,570)	197,930
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	50,000	50,000	50,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(155,500)	(155,500)	42,430	197,930
<u>FUND BALANCES, BEGINNING</u>	155,500	155,500	152,507	(2,993)
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 194,937	\$ 194,937

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Other Schedules
June 30, 2017

Agency Funds:

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

Schedule of Accountabilities:

- County Treasurer
- Other Elected Officials

Schedule of Cash and Investments

Property taxes:

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

MORROW COUNTY, OREGON

Agency Funds
Combining Statement of Assets and Liabilities
(Arising from Cash Transactions)
June 30, 2017

	ASSETS			LIABILITIES AND FUND EQUITY		
	Cash and Investments	Taxes Receivable	Total	Payable to Other Agencies	Fund Balance	Total
<u>AGENCY FUNDS:</u>						
Property taxes	\$ -	\$ 760,362	\$ 760,362	\$ 760,362	\$ -	\$ 760,362
Assessments and taxation	16,141	-	16,141	16,141	-	16,141
Treasurer's account	1,081	-	1,081	1,081	-	1,081
Morrow Co. medical fund	4,662	-	4,662	4,662	-	4,662
Other districts, general	6,371	-	6,371	6,371	-	6,371
Other districts, debt service	6,388	-	6,388	6,388	-	6,388
Fire districts, general	609,857	-	609,857	609,857	-	609,857
Cemetery districts	101,130	-	101,130	101,130	-	101,130
Park districts	2,215	-	2,215	2,215	-	2,215
Water control districts	20	-	20	20	-	20
School districts, general	27,872	-	27,872	27,872	-	27,872
School districts, debt service	252,687	-	252,687	252,687	-	252,687
Morrow County Unified Recreation	309,951	-	309,951	309,951	-	309,951
North Morrow vector control	1,110	-	1,110	1,110	-	1,110
Ione-Lex Perpetual	25,657	-	25,657	25,657	-	25,657
Finley buttes landfill	1,183,030	-	1,183,030	1,183,030	-	1,183,030
Library district	36,740	-	36,740	36,740	-	36,740
Other	38,609	-	38,609	38,609	-	38,609
Mobile home ombudsman	13	-	13	13	-	13
Total	\$ 2,623,534	\$ 760,362	\$ 3,383,896	\$ 3,383,896	\$ -	\$ 3,383,896

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Agency Funds

Combining Statement of Receipts, Expenditures, and Changes in Cash

(Arising from Cash Transactions)

Year Ended June 30, 2017

	Cash and Investments June 30, 2016	Additions	Deductions	Cash and Investments June 30, 2017
<u>AGENCY FUNDS:</u>				
Property taxes	\$ -	\$ 31,781,755	\$ 31,781,755	\$ -
Assessments and taxation	17,195	68,921	69,975	16,141
Treasurer's account	1,060	41,968	41,947	1,081
Morrow Co. Health District	6,216	1,998,884	2,000,438	4,662
Other districts, general	8,863	2,511,893	2,514,385	6,371
Other districts, debt service	5,650	679,276	678,538	6,388
Fire districts, general	493,256	1,660,805	1,544,204	609,857
Cemetery districts	104,447	162,815	166,132	101,130
Library districts	36,681	518,554	518,495	36,740
Park districts	3,153	987,706	988,644	2,215
Water control districts	29	8,831	8,840	20
School districts, general	37,475	11,502,543	11,512,146	27,872
School districts, debt service	1,804,734	1,122,389	2,674,436	252,687
Morrow County Unified Recreation	213,172	996,779	900,000	309,951
North Morrow vector control	1,363	462,201	462,454	1,110
Ione-Lex Perpetual	24,857	800	-	25,657
Finley buttes landfill	1,170,333	12,697	-	1,183,030
Morrow County Enterprise Zone	-	406,736	406,736	-
Other	22,917	945,638	929,946	38,609
Mobile home ombudsman	14	5,570	5,571	13
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,951,415</u>	<u>\$ 55,876,761</u>	<u>\$ 57,204,642</u>	<u>\$ 2,623,534</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Accountability -- Other Elected Officials

Cash Transactions

Year Ended June 30, 2017

	<u>Sheriff</u>
<u>CASH BALANCE, JUNE 30, 2016</u>	<u>\$ 1,637</u>
<u>CASH RECEIPTS</u>	<u>58,649</u>
<u>CASH DISBURSEMENTS:</u>	
Turnover to County Treasurer	<u>58,461</u>
<u>CASH BALANCE, JUNE 30, 2017</u>	<u><u>\$ 1,825</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Cash and Investments

June 30, 2017

County Treasurer	\$ 14,505,031
Other elected officials	1,825
Cash on hand, various funds	<u>1,789</u>
Total cash and investments	<u><u>\$ 14,508,645</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Property Tax Transactions and Outstanding Balances
Year Ended June 30, 2017

<u>Fiscal Year</u>	<u>Property Taxes Receivable July 1, 2016</u>	<u>Current Levy as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Corrections and Adjustments</u>	<u>Cash Collections</u>	<u>Property Taxes Receivable June 30, 2017</u>
2016-17	\$ -	\$ 32,931,023	\$ (828,932)	\$ (425,301)	\$ (31,107,840)	\$ 568,950
2015-16	423,668	-	-	(18,680)	(162,130)	242,858
2014-15	184,284	-	-	(1)	(51,834)	132,449
2013-14	126,428	-	-	(1)	(58,118)	68,309
2012-13	53,564	-	-	(634)	(50,187)	2,743
2011-12	4,871	-	-	(733)	(2,044)	2,094
2010-11	2,660	-	-	(623)	(1,243)	794
Prior years	4,061	-	-	(589)	(248)	3,224
	<u>\$ 799,536</u>	<u>\$ 32,931,023</u>	<u>\$ (828,932)</u>	<u>\$ (446,562)</u>	<u>\$ (31,433,644)</u>	<u>\$ 1,021,421</u>

County Summary:

County Operations	\$ 203,478	\$ 9,125,933	\$ (229,716)	\$ (135,261)	\$ (8,703,375)	\$ 261,059
Agency Funds	596,058	23,805,090	(599,216)	(311,301)	(22,730,269)	760,362
	<u>\$ 799,536</u>	<u>\$ 32,931,023</u>	<u>\$ (828,932)</u>	<u>\$ (446,562)</u>	<u>\$ (31,433,644)</u>	<u>\$ 1,021,421</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Property Taxes Receivable -- By Fund
June 30, 2017

General fund	\$ 258,044
County school fund	790
Ione school fund	77
Fair fund	<u>2,148</u>
Sub-total	261,059
Agency funds	<u>760,362</u>
Total	<u><u>\$ 1,021,421</u></u>

See accompanying independent auditor's report.

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

BARNETT & MORO, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

County Commissioners
Morrow County
Heppner, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Morrow County, Oregon's basic financial statements and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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

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


Compliance and Other Matters

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

Purpose of this Report

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

Barnett & Moro, P.C.

By  _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2017

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

County Commissioners
Morrow County
Heppner, Oregon

We have audited the basic financial statements of Morrow County, Oregon as of and for the year ended June 30, 2017, and have issued our report thereon dated December 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

County Commissioners
Morrow County
Page two

In connection with our testing nothing came to our attention that caused us to believe the Morrow County, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the budget overexpenditures listed in Note 2 to the financial statements.

OAR 162-10-0230 Internal Control

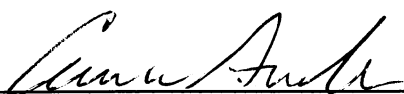
In planning and performing our audit, we considered Morrow County, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness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

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

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

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

Barnett & Moro, P.C.

By: 
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2017

SINGLE AUDIT SECTION

MORROW COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

<u>Federal Grantor/Program Name:</u>	<u>Federal</u>	<u>Major</u>	<u>Amount</u>
	<u>CFDA Number</u>	<u>Programs (X)</u>	
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Forest fees, roads and schools	10.665		\$ 29,457
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Crime victim assistance	16.575		\$ 74,550
<u>U.S. DEPARTMENT OF ENERGY:</u>			
Office of environmental waste processing	81.104		\$ 5,600
<u>U.S. DEPARTMENT OF VETERAN AFFAIRS</u>			
Grants for Transportation in Highly Rural Areas	64.035		\$ 45,000
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Oregon Health Authority:			
Public health emergency preparedness	93.069		\$ 66,014
Emergency preparedness aligned cooperative agreements	93.074		593
Family planning services	93.217		24,539
MCH block grant	93.994		23,229
MIECHV	93.505		15,428
National bioterrorism hospital preparedness program	93.889		34,117
SAPT Block Grant	93.959		79,327
			<u>243,247</u>
Oregon Department of Justice:			
Child support enforcement	93.563		73,926
			<u>\$ 317,173</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Recreation trails program	20.219		\$ 30,403
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>			
Payment in Lieu of Taxes	15.226	X	\$ 285,419
Total expenditures of federal awards			<u>\$ 787,602</u>

See notes to schedule of
expenditures of federal awards.

MORROW COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Morrow County, Oregon and is presented on the modified accrual basis of accounting as described in note 1 to the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Morrow County, Oregon, it is not intended to and does not present the financial position, changes in net position, or cash flows of Morrow County. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the on the Schedule are reported on the basis of accounting described in Note 1 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County has not elected to use the 10% percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

County Commissioners
Morrow County
Heppner, Oregon

Report on Compliance for Each Major Federal Program

We have audited Morrow County, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Morrow County, Oregon's major federal programs for the year ended June 30, 2017. Morrow County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Morrow County, Oregon's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Morrow County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Morrow County, Oregon's compliance.

Opinion on Each Major Federal Program

In our opinion, Morrow County, Oregon, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance


Management of Morrow County, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Morrow County, Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Morrow County, Oregon's internal control over compliance.

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

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

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

Barnett & Moro, P.C.

By: 

Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2017

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
15.226	Payments in Lieu of Taxes

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Section II-Financial Statement Findings

There are no financial statement findings for the year ended June 30, 2017.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs for the year ended June 30, 2017.

MORROW COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2017

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2016.

FINDINGS:

There were no findings for the year ended June 30, 2016.