

MORROW COUNTY, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2018

MORROW COUNTY, OREGON

List of Officials
June 30, 2018

COMMISSIONERS:

Don Russell, Chair

Jim Doherty, Vice- Chair

Melissa Lindsay

TITLE:

Commissioner

Commissioner

Commissioner

OTHER ELECTED OFFICIALS:

Michael Gorman

Bobbi Childers

Ken Matlack

Gayle Gutierrez

Ann Spicer

Stephen K. Haddock

Assessor & Tax Collector

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

Contents
June 30, 2018

	<u>Page</u>
Independent auditors' report	6-8
Management's discussion and analysis	10-19
Basic financial statements:	
Statement of Net Position	21
Statement of Activities	22
Governmental Funds Balance Sheet	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual:	
General fund	27-28
General road fund	29
Airport fund	30
Statement of Fiduciary Net Position - Agency Funds	31
Notes to basic financial statements	32-57
Required Supplementary Information	58-64
Other Supplementary Information:	
Non-major Governmental Funds:	
Non-major Governmental Funds	66
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68
Non-major Special Revenue Funds:	
Non-major Special Revenue Funds	69-70
Combining Balance Sheet	71-74

MORROW COUNTY, OREGON

Contents June 30, 2018

	<u>Page</u>
Supplementary Information (continued):	
Non-major Special Revenue Funds (continued):	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	74-78
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget	
(Non-GAAP Budgetary Basis) and Actual:	
Heritage fund	79
Finley Buttes license fee fund	80
Commission on children/families fund	81
Law library fund	82
911 emergency telephone fund	83
Surveyor preservation fund	84
Finely Buttes License Fee fund	85
County school fund	86
Ione school fund	87
Fair fund	88
Special transportation fund	89
Alcohol enforcement fund	90
Video lottery economic development fund	91
Victim-witness assistance fund	92
Willow Creek wind fund	93
Cami grant fund	94
Safety committee fund	95
Rodeo fund	96
Justice court bail and fine fund	97
Clerks records fund	98
DUII impact fund	99
Building permit fees fund	100
Park Fund	101
Equity fund	102
Liquor control fund	103
Water planning fund	104
Forest service fund	105
Court security fund	106
Echo Wind fees fund	107
Shepherd Flat fees fund	108
STO Operating fund	109
Community Corrections fund	110
PGE - Carty fund	111

MORROW COUNTY, OREGON

Contents June 30, 2018

	<u>Page</u>
Supplementary Information (continued):	
Non-major Capital Project Funds:	
Non-major Capital Project Funds	112
Combining Balance Sheet	113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	114
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual:	
Road equipment reserve fund	115
Computer equipment reserve fund	116
Programming reserve fund	117
Weed equipment reserve fund	118
STF vehicle reserve fund	119
Fair roof reserve fund	120
Heppner Administrative Building fund	121
Bleacher reserve fund	122
Fair improvement reserve fund	123
Building reserve fund	124
Other Schedules:	125
Other Schedules	
Agency Funds:	
Combining statement of assets and liabilities, arising from cash transactions	126
Combining statement of receipts, expenditures, and changes in cash, arising from cash transactions	127
Schedules of Accountability:	
County treasurer	128
Other elected officials	129
Schedule of cash and investments	130
Property taxes:	
Schedule of property tax transactions and outstanding balance	131
Schedule of property tax receivable - by fund	132

MORROW COUNTY, OREGON

Contents
June 30, 2018

	<u>Page</u>
Supplementary Information (continued):	
Audit reports, comments and disclosures required by Government Auditing Standards and state regulations:	
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	134-135
State regulations introduction	136
Report required by Oregon State Regulations	137-138
Single audit section:	
Schedule of expenditures of federal awards	140
Notes to schedule of expenditures of federal awards	141
Report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.	142-143
Schedule of findings and questioned costs	144-145
Corrective action plan	146
Summary schedule of prior year's audit findings	147

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, 2018, 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, 2018, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, General Road Fund, and Airport 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, pension, and OPEB information on pages 9-19 and 58-64 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 January 3, 2019, 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 January 3, 2019, 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

January 3, 2019

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, 2018. 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, 2018, by \$82,034,524 (Net Position). Of this amount, \$1,076,948 may be used to meet the County's ongoing obligations to citizens and creditors.
- The total net position decreased by \$1,801,466 for fiscal year ended June 30, 2018. Of this amount \$1,801,466 was due to the decrease in governmental activities net position. The County had no business-type activities in fiscal year 2018 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 \$11,883,037, a decrease of \$604,600 in comparison to the prior year. Approximately \$6,671,947 is restricted or committed for purposes designated by special revenue or capital outlay funds, and \$5,211,090 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 \$5,211,090 or 39 % 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 2018. 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 31 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 through 57 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplemental Information beginning on page 65 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 \$81.9 million at June 30, 2018.

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 85.01 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 (13.86) percent), pension obligations (72.30 percent), capital leases payable (11.45 percent), and Other post-employment benefits (2.39 percent). Current liabilities, not including current portions of long-term debts, represents about 13.86 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, 2018</u>	<u>June 30, 2017</u>
Current assets	\$ 13,999	\$ 13,631
Capital assets	<u>79,375</u>	<u>80,838</u>
Total assets	<u>93,374</u>	<u>94,469</u>
Deferred outflows of resources	<u>4,596</u>	<u>4,926</u>
Current liabilities	2,211	1,414
Long-term debt	<u>13,724</u>	<u>14,145</u>
Total liabilities	<u>15,935</u>	<u>15,559</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	77,550	78,446
Restricted	3,408	2,210
Unrestricted	<u>1,077</u>	<u>3,180</u>
	<u>\$ 82,035</u>	<u>\$ 83,836</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 \$1,615,387. This was due to the decrease in net position from Governmental activities. The primary decrease to assets was \$2,401,934 in other capital assets. As of June 30, 2018, the total bank balances were \$1,052,406. 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 \$1,615,387. The County saw a decrease in long term debt for the 17-18 fiscal year. The net result of the County's debt transactions was a decrease in long term debt of \$566,678. 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, 2018 is \$1,777,823. Other transactions contributing to the decrease in net position included accruing the County's other post-employment benefits during the fiscal year ended June 30, 2018 of \$380,465. The net result of these transactions resulted in a \$1,615,387 net decrease in the county's net position.

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

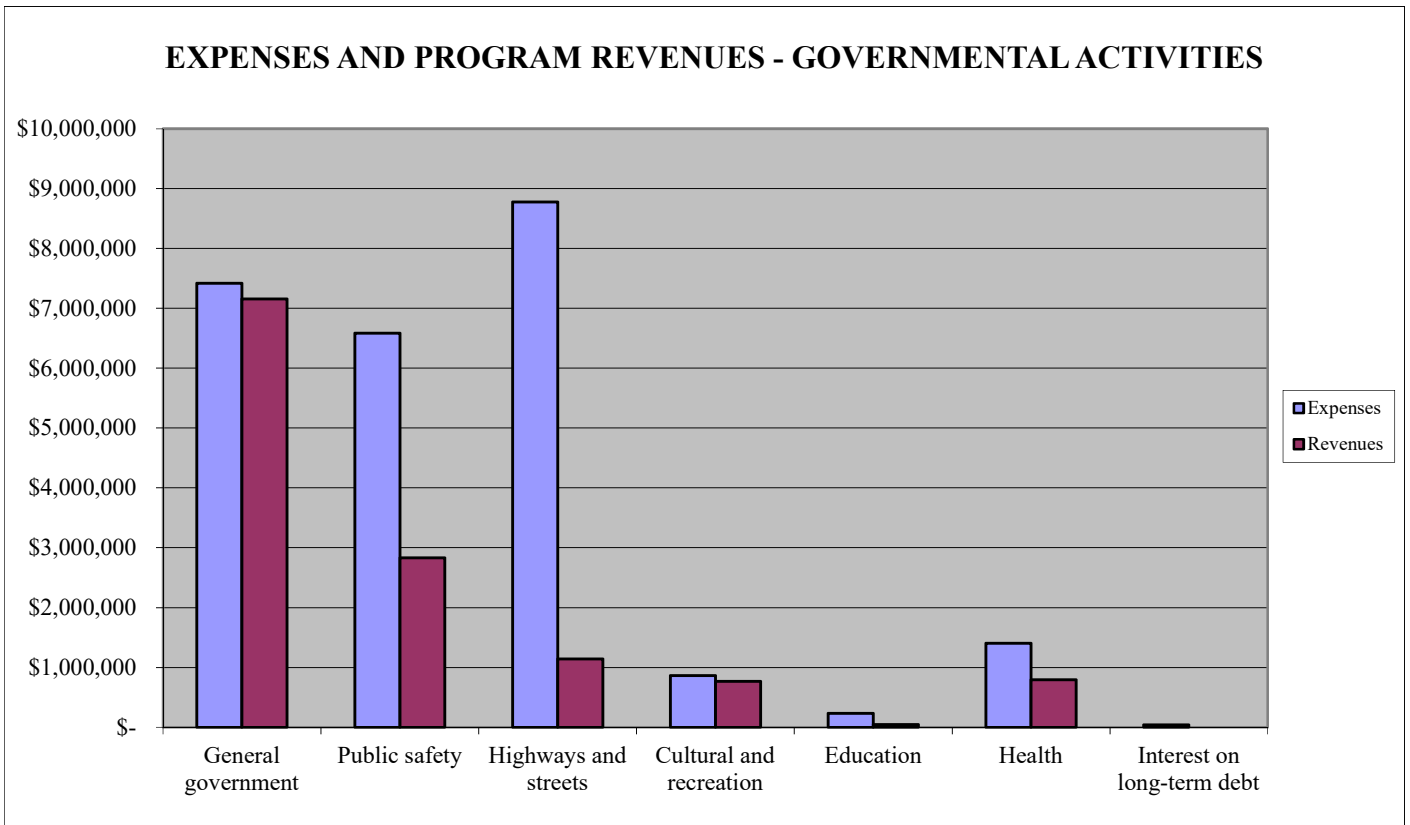
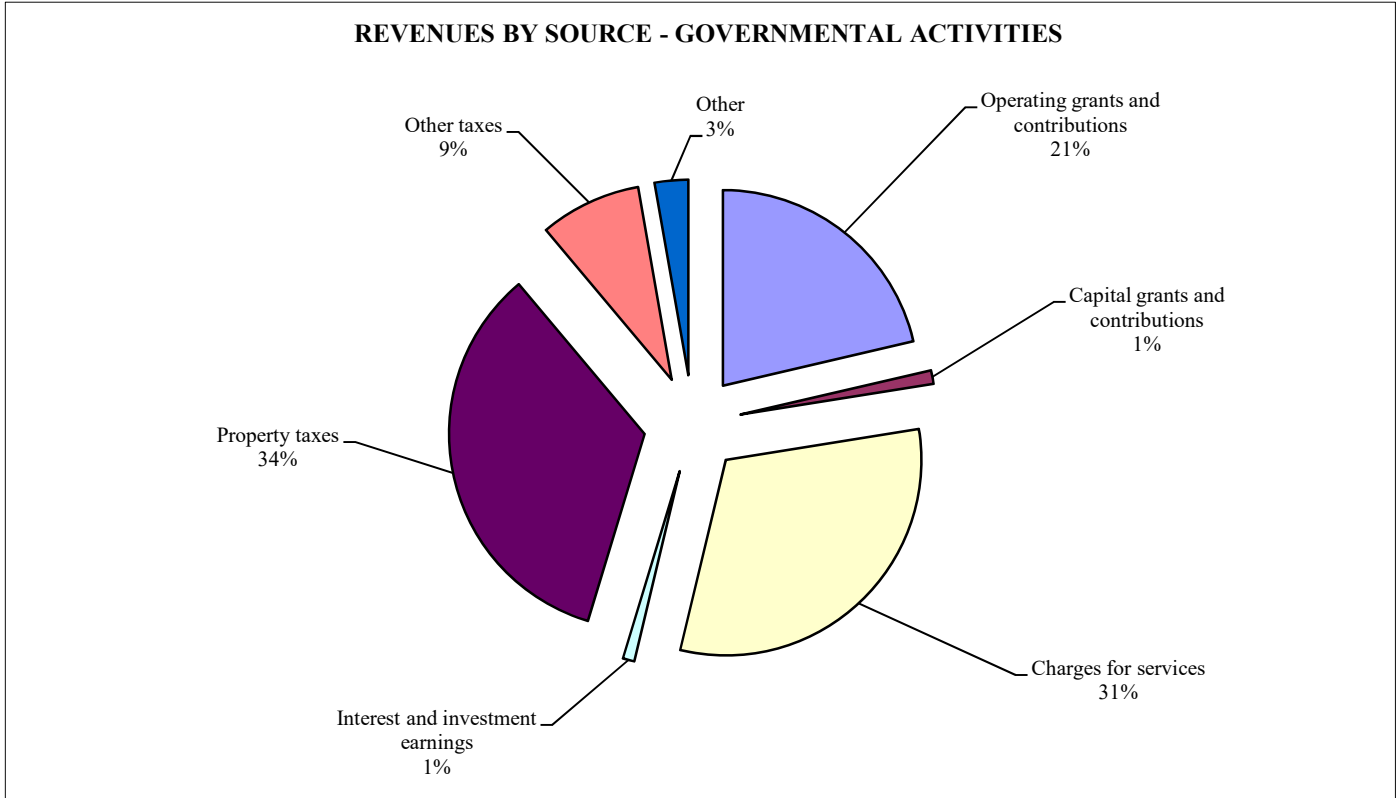
Governmental Activities. During the current fiscal year, the County's net position decreased by \$1,653,068 compared to a \$3,804,271 decrease in the prior year.

Morrow County Changes in Net Position-Governmental Activities

	2017-2018	2016-2017
Revenues		
Program revenues		
Charges for services	\$7,307,152	\$ 5,458,921
Operating grants and contributions	5,168,216	4,243,324
Capital grants and contributions	266,037	-
General revenues		
Property taxes	8,100,960	8,782,495
Payments in lieu of taxes	862,984	1,563,904
State shared taxes	1,122,177	1,146,496
Interest and investment earnings	225,366	139,813
Other revenues, net	655,579	540,546
Contribution of capital assets	-	-
Gain (Loss) on disposal	-	-
Total revenues	<u>23,708,471</u>	<u>21,875,499</u>
Expenses		
General government	7,420,091	7,130,729
Public safety	6,585,861	5,965,975
Highways and streets	8,774,709	9,823,849
Cultural and recreation	864,548	1,106,859
Education	235,606	189,617
Health	1,402,375	1,407,915
Interest on long-term debt	<u>40,668</u>	<u>54,826</u>
Total expenses	<u>25,323,858</u>	<u>25,679,770</u>
Decrease in net assets before transfer	(1,615,387)	(3,804,271)
Transfers	-	-
Change in net position	<u>(1,615,387)</u>	<u>(3,804,271)</u>
Beginning net position	83,835,990	87,640,261
Prior period adjustment	<u>(186,079)</u>	-
Beginning net position, as restated	<u>83,649,911</u>	<u>87,640,261</u>
Ending net position	<u>\$82,034,524</u>	<u>\$ 83,835,990</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 \$11,883,037, a decrease of \$604,600 in comparison with the prior year. Approximately 43.85% or \$5,211,090 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. \$6,671,947 or 56.15% 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 \$5,211,090, 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 decreased by \$1,691,832 during the fiscal year ended June 30, 2018. The primary factor in this decrease was a \$1,000,000 contribution towards the defined benefit pension plan liability.

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 Veteran's Department was increased by \$40,421 from the receipt of additional grant revenue.
- The General Fund budget for the Sheriff's Department was increased by \$50,000 from the receipt of additional charges for services, due to the passage of the Morrow County and Ione School District's agreements to supplement funding for the addition of a Special Resource Officer in the South Morrow schools.
- The Victim Witness Fund budget increase of \$67,249 for the VOCA/CFA Non-Competitive Grant revenue. The additional revenue Personnel Services and Materials & Services.
- The General Fund budget increased \$1,000,000 in appropriations, due to a larger than budgeted beginning fund balance. The increase in appropriations was allocated to multiple departments, based on eligible retirement members, towards the personnel retirement benefit contribution. The retirement payment was used to pay down the retirement pension plan liability.
- The General Fund budget for Public Works General Maintenance was increased by \$20,000 from the receipt of additional property tax revenues. The increase in appropriations was used to purchase a pickup and equipment.
- The Park Fund budget was increased by \$38,350 due to a higher than budgeted beginning fund balance. The increase in appropriations included Cutsforth Park (\$12,400), Anson Wright Park (\$6,800), and the ATV Park (\$19,150).
- The Park Fund budget was increased by an additional \$60,000, due to a higher than budgeted beginning fund balance. The increase in ATV Park (\$60,000) capital outlay was used to purchase 10 cabins that resided on the parks property.
- The General Fund Non Department Special Payments budget increased by \$407,000 as a result of funds received from the Oregon Health Authority passed thru to Community Counseling Solutions for the Intergovernmental Agreement financing the Community Addictions and Mental Health. The IGA #153133 is for the 2017-2019 Biennium.
- The General Fund Sheriff's Department increased by \$55,000 in Grant Revenue for the purchases of a State Marine Patrol boat. The Capital Outlay appropriations increased by \$55,00 for a total of \$386,495/
- The General Fund Health Department increased \$60,000 in Grant Revenue for MAC – Medicaid (\$40,000); the Transformation Grant (\$15,000); and the LCAC grant (\$5,000). The Materials & Services were increased to reflect an increase in operating expenditures.
- The General Fund budget for the Transfer Station-North was increased by \$12,000 due to the receipt of additional fees/charges for services.
- The General Fund budget for the Transfer Station-South was increased by \$18,000 due to the receipt of additional fees/charges for services.
- The County School Fund and the Ione School Fund budgets were increased by \$40,000, and \$7,000, respectively, due to the receipt of additional revenue.
- The Justice Court Bails & Fines Fund budget was increased by \$80,000 due to the receipt of additional fees/charges for services.

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, 2018, amounts to \$79,374,582 (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, Road Equipment Reserve, Road Fund, Weed Equipment Reserve Fund, Park Fund, and STF Operating Fund which included the following:

- General – Sheriff's Equipment \$374,752
- General – Public Works General Maintenance \$41,958
- General – Non Departmental \$161,419
- Road Equipment Reserve - \$400,051
- Road Fund - \$348,381
- Computer Equipment Reserve – \$18,642
- Weed Equipment Reserve - \$46,081
- Parks - \$365,902
- Building Reserve - \$29,084
- STF - Vehicles \$45,603

Additional information on the County's capital assets can be found in note 5 on page 42 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$1,777,823. 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 \$347,139 during the current fiscal year.

Additional information on the County's long-term debt can be found in note 6 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 2018-2019 fiscal year the County will see the seventh significant payment of Strategic Investment Program (SIP) monies from the Caithness/Shepherds Flat Wind Project and the second significant payment from PGE – Carty Plant. The 2018-2019 budget includes an estimated receipt of \$2,727,094 for these payments 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 2018-2019 fiscal year. The County's contribution of \$1,000,000 to the Retirement Plan increased the funded liability from 66% to 71% as reflected in preliminary reports dated July 1, 2018. The Retirement Plan is currently being reviewed for sustainability.
- 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 2018-2019 budget included several transfers to the Road Fund of unrestricted, non-property tax monies. The 2018-2019 budget included a transfer of \$1,129,500 from the Finley Buttes License Fee Fund, a transfer of \$200,000 from Finley Buttes Road Improvement Fund, a transfer of \$2,727,094 of Strategic Investment Program (SIP) monies from the Shepherds Flat Fees Fund and PGE Carty Fees, and a transfer of \$70,200 from General Fund.

All of these factors were considered in preparing the County's budget for fiscal year 2018-2019. During the current fiscal year, unassigned fund balance in the General Fund increased to \$5,211,090.

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, 2018

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and investments	\$ 12,172,414
Receivables (net of allowance for uncollectibles):	
Property taxes	378,508
Other receivables	1,448,119
Capital assets:	
Land and other non-depreciable assets	3,205,803
Other capital assets (net of accumulated depreciation)	76,168,779
Total assets	<u>93,373,623</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pension and other poste employment benefits deferrals	4,595,521
Total deferred outflows of resources	<u>4,595,521</u>
<u>LIABILITIES:</u>	
Accounts payable	1,429,188
Accrued payroll and payroll taxes payable	331,869
Compensated absences	447,738
Due to other entities	2,258
Non current liabilities:	
Long-term debt, due within one year	69,348
Long-term debt, due in more than one year	1,755,362
Net pension liability	11,518,392
Other post employment benefits	380,465
Total liabilities	<u>15,934,620</u>
<u>NET POSITION:</u>	
Net investment in capital assets	77,549,872
Restricted for:	
Highways and streets	2,329,855
Public safety	918,797
Education	1,442
Other restrictions	157,610
Unrestricted	1,076,948
Total net position	<u>\$ 82,034,524</u>

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

MORROW COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2018

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
General government	\$ 7,420,091	\$ 5,034,238	\$ 1,857,415	\$ 266,037	\$ (262,401)
Public safety	6,585,861	1,294,277	1,538,185	-	(3,753,399)
Highways and streets	8,774,709	400,311	740,248	-	(7,634,150)
Cultural and recreation	864,548	471,168	294,760	-	(98,620)
Education	235,606	6,832	41,818	-	(186,956)
Health	1,402,375	204,970	591,146	-	(606,259)
Interest on long-term debt	40,668	-	-	-	(40,668)
Total governmental activities	\$ 25,323,858	\$ 7,411,796	\$ 5,063,572	\$ 266,037	(12,582,453)

General revenues:

Taxes:

Property taxes, levied for general purposes	8,100,960
Payments in lieu of taxes	862,984
State shared taxes	1,122,177
Interest and investment earnings	225,366
Other revenues	655,579
Total general revenues	10,967,066
Change in net position	(1,615,387)
Net position--beginning	83,835,990
Prior period adjustment (see Note 16)	(186,079)
Net position--beginning, as restated	83,649,911
Net position--ending	\$ 82,034,524

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

MORROW COUNTY, OREGON

Governmental Funds
Balance Sheet
June 30, 2018

	<u>General</u>	<u>General Road</u>	<u>Airport Fund</u>	<u>Other Governmental</u>	<u>Total</u>
<u>ASSETS:</u>					
Cash and investments	\$ 5,249,151	\$ 2,485,518	\$ 215,769	\$ 4,221,976	\$ 12,172,414
Receivables					
Property taxes	374,206	-	-	4,302	378,508
Due from other funds	305,000	-	-	-	305,000
Other receivables	304,618	298	110,767	1,032,436	1,448,119
Total assets	<u>\$ 6,232,975</u>	<u>\$ 2,485,816</u>	<u>\$ 326,536</u>	<u>\$ 5,258,714</u>	<u>\$ 14,304,041</u>
<u>LIABILITIES:</u>					
Accounts payable	\$ 439,101	\$ 464,404	\$ 282,602	\$ 243,081	\$ 1,429,188
Accrued payroll and payroll taxes payable	228,999	65,248	-	37,622	331,869
Due to other entities	2,258	-	-	-	2,258
Due to other funds	-	-	265,000	40,000	305,000
Total liabilities	<u>670,358</u>	<u>529,652</u>	<u>547,602</u>	<u>320,703</u>	<u>2,068,315</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Deferred property taxes	<u>351,527</u>	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>352,689</u>
<u>FUND BALANCES:</u>					
Restricted	-	1,956,164	-	1,309,829	3,265,993
Committed	-	-	-	3,635,406	3,635,406
Unassigned	5,211,090	-	(221,066)	(8,386)	4,981,638
Total fund balances	<u>5,211,090</u>	<u>1,956,164</u>	<u>(221,066)</u>	<u>4,936,849</u>	<u>11,883,037</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,232,975</u>	<u>\$ 2,485,816</u>	<u>\$ 326,536</u>	<u>\$ 5,258,714</u>	<u>\$ 14,304,041</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, 2018

Fund Balances - Governmental Funds		\$ 11,883,037
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	\$ 173,616,032	
Less accumulated depreciation	<u>(94,241,450)</u>	79,374,582
Deferred outflows of resources related to pensions and other post employment benefits are not current financial resources, so are not reported in the governmental fund statements.		4,595,521
Long-term liabilities, including capital leases payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes payable		(1,777,823)
Capital leases payable		(46,887)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(447,738)
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 19 to the financial statements)		(11,518,392)
Other post employment benefits liability for the County is not reported in the governmental fund financial statements because such amounts are not due and payable in the current period. (See Note 20 to the financial statements)		(380,465)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		<u>352,689</u>
Net Position of Governmental Activities		<u><u>\$ 82,034,524</u></u>

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, 2018

	<u>General</u>	<u>General Road</u>	<u>Airport Fund</u>	<u>Other Governmental</u>	<u>Total</u>
<u>REVENUES:</u>					
Taxes	\$ 8,604,229	\$ 929,035	\$ -	\$ 366,878	\$ 9,900,142
Intergovernmental	2,811,778	740,248	266,037	1,616,190	5,434,253
Fees, fines, and charges for services	1,034,977	-	35,793	6,236,382	7,307,152
Investment interest	117,497	14,720	2,947	90,202	225,366
Miscellaneous	290,146	220,578	1,057	104,113	615,894
Total revenues	<u>12,858,627</u>	<u>1,904,581</u>	<u>305,834</u>	<u>8,413,765</u>	<u>23,482,807</u>
<u>EXPENDITURES:</u>					
Current:					
General government	6,350,060	-	24,314	471,261	6,845,635
Public safety	4,741,416	-	-	1,435,902	6,177,318
Highways and streets	-	5,704,432	-	-	5,704,432
Cultural and recreation	11,000	-	-	684,850	695,850
Education	-	-	-	235,606	235,606
Health	1,393,607	-	-	-	1,393,607
Capital outlay	903,228	348,381	503,135	724,869	2,479,613
Debt service:					
Principal	13,904	205,635	-	347,139	566,678
Interest	1,560	6,352	-	32,756	40,668
Total expenditures	<u>13,414,775</u>	<u>6,264,800</u>	<u>527,449</u>	<u>3,932,383</u>	<u>24,139,407</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(556,148)</u>	<u>(4,360,219)</u>	<u>(221,615)</u>	<u>4,481,382</u>	<u>(656,600)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Proceeds from asset disposition	15,000	-	-	37,000	52,000
Transfers in	51,000	5,106,289	-	770,831	5,928,120
Transfers out	(1,201,684)	-	-	(4,726,436)	(5,928,120)
Total other financing sources (uses)	<u>(1,135,684)</u>	<u>5,106,289</u>	<u>-</u>	<u>(3,918,605)</u>	<u>52,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,691,832)</u>	<u>746,070</u>	<u>(221,615)</u>	<u>562,777</u>	<u>(604,600)</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>6,902,922</u>	<u>1,210,094</u>	<u>549</u>	<u>4,374,072</u>	<u>12,487,637</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 5,211,090</u>	<u>\$ 1,956,164</u>	<u>\$(221,066)</u>	<u>\$ 4,936,849</u>	<u>\$ 11,883,037</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, 2018

Net change in fund balances - Governmental Funds \$ (604,600)

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	\$ 2,479,613	
Less current year depreciation	(4,134,779)	
Disposal of Capital Assets and other adjustments	<u>(12,312)</u>	(1,667,478)

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	185,978
---------------------------------------	---------

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	566,678
--	---------

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		(11,257)
Net change in net pension liability	235,656	
Net change in net other post employment benefits liability	10,120	
Net change in deferred outflows of resources - pension deferrals	<u>(330,484)</u>	<u>(84,708)</u>

Change in Net Position of Governmental Activities \$ (1,615,387)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 6,789,396	\$ 6,840,896	\$ 7,823,592	\$ 1,034,196
Payments in lieu of taxes	631,500	631,500	703,018	71,518
Liquor tax apportionment	50,000	50,000	64,930	14,930
Cigarette tax apportionment	9,000	9,000	8,302	(698)
Amusement Device Tax	-	-	4,387	4,387
Cultural trust grant	7,000	7,000	7,538	538
Wolf depredation grant	8,675	8,675	6,450	(2,225)
Assessor grants	6,000	6,000	7,641	1,641
Assessor fees and other	22,400	22,400	21,073	(1,327)
Clerk, recorder fees, and grants	66,459	66,459	79,819	13,360
Veterans service office grants and other	35,751	76,172	61,829	26,078
District attorney grants and other	40,500	40,500	73,020	32,520
Emergency management grants	62,438	62,438	43,804	(18,634)
Health department fees	143,800	183,800	208,022	64,222
Health department grants and other	410,214	430,214	591,146	180,932
Juvenile court grants and other	21,019	21,019	29,394	8,375
State grant, assessment and taxation	110,600	110,600	88,993	(21,607)
Non-departmental fees and other	1,552,700	1,959,700	1,613,354	60,654
Planning fees and grants	23,700	23,700	39,498	15,798
Weed department fees and grants	37,252	37,252	36,583	(669)
Transfer station revenue and fees	41,100	41,100	66,386	25,286
Sheriff civil fees and other	269,275	319,275	395,963	126,688
Sheriff intergovernmental contracts	363,992	418,992	405,506	41,514
Justice court fines and other	220,000	220,000	360,882	140,882
Interest	40,000	40,000	117,497	77,497
Total revenues	<u>10,972,771</u>	<u>11,636,692</u>	<u>12,858,627</u>	<u>1,885,856</u>
EXPENDITURES:				
General government:				
County court	653,020	725,838	681,729	44,109
County accountant	321,909	343,587	340,725	2,862
Assessor	744,525	795,942	754,024	41,918
Treasurer	119,680	129,296	125,995	3,301
County clerk	333,615	352,270	316,429	35,841
Veteran's service officer	74,362	118,912	80,594	38,318
Juvenile	370,444	387,860	323,793	64,067
Planning department	362,716	378,735	352,105	26,630
County surveyor	39,640	39,640	29,670	9,970
Public works, administrator	66,512	68,969	66,579	2,390
Public works, general maintenance	577,547	608,668	575,598	33,070
Computer	152,500	152,500	141,715	10,785
Weed department	145,133	152,498	126,556	25,942
Board of Property Tax Appeals	2,680	2,680	1,820	860
Solid waste transfer station - north	75,856	87,856	51,688	36,168
Solid waste transfer station - south	41,151	59,151	65,275	(6,124)
Non-departmental	3,236,103	3,634,108	2,924,683	709,425
Total general government	<u>7,317,393</u>	<u>8,038,510</u>	<u>6,958,978</u>	<u>1,079,532</u>

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, 2018

	<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	391,127	426,378	398,553	27,825
Justice of the peace	294,998	304,873	276,899	27,974
Sheriff	3,855,450	4,530,921	4,338,192	192,729
Emergency management	81,078	83,224	30,248	52,976
Total public safety	<u>4,622,653</u>	<u>5,345,396</u>	<u>5,043,892</u>	<u>301,504</u>
Heath:				
Health department	1,337,684	1,471,257	1,397,443	73,814
Total health	<u>1,337,684</u>	<u>1,471,257</u>	<u>1,397,443</u>	<u>73,814</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	365,000	239,056	-	239,056
Total expenditures	<u>13,653,730</u>	<u>15,105,219</u>	<u>13,411,313</u>	<u>1,693,906</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(2,680,959)</u>	<u>(3,468,527)</u>	<u>(552,686)</u>	<u>3,579,762</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	90,100	90,100	51,000	(39,100)
Transfers out	<u>(989,252)</u>	<u>(1,201,684)</u>	<u>(1,201,684)</u>	<u>-</u>
Total other financing sources (uses)	<u>(899,152)</u>	<u>(1,111,584)</u>	<u>(1,150,684)</u>	<u>(39,100)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(3,580,111)</u>	<u>(4,580,111)</u>	<u>(1,703,370)</u>	<u>3,540,662</u>
<u>FUND BALANCES, BEGINNING</u>	<u>5,554,504</u>	<u>6,554,504</u>	<u>6,627,415</u>	<u>72,911</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 1,974,393</u>	<u>\$ 1,974,393</u>	<u>\$ 4,924,045</u>	<u>\$ 3,613,573</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Federal forest fees	\$ 24,703	\$ 24,703	\$ 125,455	\$ 100,752
Licenses	919,026	919,026	929,035	10,009
Intergovernmental	872,541	872,541	614,793	(257,748)
Reimbursed items	10,000	10,000	117,525	107,525
Interest	3,500	3,500	14,720	11,220
Other	115,200	115,200	103,053	(12,147)
Total revenues	<u>1,944,970</u>	<u>1,944,970</u>	<u>1,904,581</u>	<u>(40,389)</u>
<u>EXPENDITURES:</u>				
Road department	6,621,290	6,411,290	5,947,057	464,233
Capital equipment	529,000	739,000	309,334	429,666
Contingency	30,000	30,000	-	30,000
Total expenditures	<u>7,180,290</u>	<u>7,180,290</u>	<u>6,256,391</u>	<u>923,899</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	<u>(5,235,320)</u>	<u>(5,235,320)</u>	<u>(4,351,810)</u>	<u>883,510</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	4,963,865	4,963,865	5,106,289	142,424
Total other financing sources (uses)	<u>4,963,865</u>	<u>4,963,865</u>	<u>5,106,289</u>	<u>142,424</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(271,455)</u>	<u>(271,455)</u>	<u>754,479</u>	<u>1,025,934</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,271,455</u>	<u>1,271,455</u>	<u>1,087,600</u>	<u>(183,855)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,842,079</u>	<u>\$ 842,079</u>

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

MORROW COUNTY, OREGON

Airport Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2018

	<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	\$ 600,000	\$ 600,000	\$ 266,037	\$ (333,963)
Rental and leases	11,290	11,290	11,320	30
Charges for services	24,240	24,240	24,473	233
Interest	60	60	2,947	2,887
Miscellaneous revenue	400	400	1,057	657
Total revenues	<u>635,990</u>	<u>635,990</u>	<u>305,834</u>	<u>(330,156)</u>
<u>EXPENDITURES:</u>				
Materials and services	38,930	38,930	24,314	14,616
Contingency	1,560	1,560	-	1,560
Capital outlay	597,000	597,000	503,135	93,865
Total expenditures	<u>637,490</u>	<u>637,490</u>	<u>527,449</u>	<u>110,041</u>
<u>NET CHANGE IN FUND BALANCES</u>	(1,500)	(1,500)	(221,615)	(220,115)
<u>FUND BALANCES, BEGINNING</u>	<u>1,500</u>	<u>1,500</u>	<u>549</u>	<u>(951)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (221,066)</u>	<u>\$ (221,066)</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, 2018

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 2,879,462
Taxes receivable	1,076,902
Total assets	<u>3,956,364</u>
LIABILITIES:	
Payable to other agencies	3,956,364
Total liabilities	<u>3,956,364</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, 2018

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, 2018.

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, 2018

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.
- The Airport Fund accounts for revenues and expenditures for upkeep and management of County airports.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

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, 2018

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 \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair values on the date donated.

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

The estimated useful lives for depreciable assets are as follows:

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

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, 2018

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, 2018

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, 2018 were as follows:

	General	General Road	Airport Fund	Other Governmental	Total Governmental Funds
<u>Fund Balances</u>					
Restricted:					
Public safety	\$ -	\$ -	-	\$ 892,334	\$ 892,334
Highways and streets	-	1,956,164	-	259,605	2,215,769
Education	-	-	-	280	280
Other restrictions	-	-	-	157,610	157,610
Total restricted	-	1,956,164	-	1,309,829	3,265,993
Committed:					
Culture and recreation	-	-	-	431,816	431,816
Education	-	-	-	31,863	31,863
Capital projects	-	-	-	830,820	830,820
Economic development	-	-	-	605,015	605,015
Other committed	-	-	-	1,735,892	1,735,892
Total committed	-	-	-	3,635,406	3,635,406
Unassigned	5,211,090	-	(221,066)	(8,386)	4,981,638
Ending fund balance	\$ 5,211,090	\$ 1,956,164	\$ (221,066)	\$ 4,936,849	\$ 11,883,037

Of the amount restricted for highways and streets, \$1,956,164 is restricted by enabling legislation.

The following funds had deficit fund balances as of June 30, 2018, and will be financed with future grant revenues:

Airport Fund	<u>\$ (221,066)</u>
Cami Grant Fund	<u>\$ (8,386)</u>

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, 2018

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, 2018

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

Two supplemental budgets were adopted during the year ended June 30, 2018; total appropriations increased by \$1,962,520.

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, 2018, the County overexpended the budget of the following funds:

General Fund	Solid Waste Transfer St - South	\$ 6,124
Special Transportation Fund	Materials and Services	\$ 5,223
Willow Creek Wind Fund	Materials and Services	\$ 86,139
Justice Court Bail and Fine Fund	Fine Turnovers	\$ 74,683

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

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	\$ 624,593
Petty cash	1,829
	<hr/>
	626,422

Investments

State of Oregon Local Government Investment Pool	14,425,454
	<hr/>

Total cash and investments	<u>\$ 15,051,876</u>
----------------------------	----------------------

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

Cash and investments - governmental activities	\$ 12,172,414
Statement of Fiduciary Net Position	2,879,462
	<hr/>
	<u>\$ 15,051,876</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, 2018, the total bank balances were \$1,052,406. 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.

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.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (continued):

Credit Risk - Investments (continued)

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

Concentration Risk - Investments

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

Interest Rate Risk - Investments

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

Custodial Credit Risk - Investments

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

NOTE 4 -- RECEIVABLES

The County lends money to businesses in Morrow County for economic development. The Equity Fund is used for this purpose. On June 30, 2018, loans receivable and corresponding interest of \$530,333 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, 2018 are as follows:

Receivable	General	General Road	Airport Fund	Other Governmental	Total
Intergovernmental	\$ 201,055	\$ -	\$ 110,767	\$ 250,980	\$ 562,802
Other shared taxes	4,863	-	-	39,629	44,492
Charges for services	98,700	298	-	211,494	310,492
Equity Fund loans	-	-	-	518,779	518,779
Equity Fund interest	-	-	-	11,554	11,554
	<u>\$ 304,618</u>	<u>\$ 298</u>	<u>\$ 110,767</u>	<u>\$ 1,032,436</u>	<u>\$ 1,448,119</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2018 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
Construction in progress	204,506	928,444	(193,988)	938,962
Total capital assets, not being depreciated	<u>2,471,347</u>	<u>928,444</u>	<u>(193,988)</u>	<u>3,205,803</u>
Capital assets, being depreciated:				
Buildings and improvements	16,777,957	471,045	(2,939)	17,246,063
Campsites and trails	838,274	38,233	-	876,507
Machinery and equipment	13,677,551	1,280,006	(284,055)	14,673,502
Bridges	23,159,458	-	-	23,159,458
Infrastructure	114,444,699	10,000	-	114,454,699
Total capital assets being depreciated	<u>168,897,939</u>	<u>1,799,284</u>	<u>(286,994)</u>	<u>170,410,229</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,381,549)	(476,891)	-	(7,858,440)
Campsites and trails	(575,347)	(22,702)	-	(598,049)
Machinery and equipment	(9,480,181)	(776,916)	220,555	(10,036,542)
Bridges	(14,219,179)	(581,380)	-	(14,800,559)
Infrastructure	(58,670,970)	(2,276,890)	-	(60,947,860)
Total accumulated depreciation	<u>(90,327,226)</u>	<u>(4,134,779)</u>	<u>220,555</u>	<u>(94,241,450)</u>
Total capital assets being depreciated, net	<u>78,570,713</u>	<u>(2,335,495)</u>	<u>(66,439)</u>	<u>76,168,779</u>
Governmental activities capital assets, net	<u>\$ 81,042,060</u>	<u>\$(1,407,051)</u>	<u>\$ (260,427)</u>	<u>\$ 79,374,582</u>

Depreciation was charged to functions and programs as follows:

	<u>Governmental activities</u>
General government	\$ 561,534
Public safety	344,572
Highways and streets	3,060,400
Cultural and recreation	165,677
Health	2,596
	<u>\$ 4,134,779</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 6 - 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.	\$ 26,118
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.	<u>20,769</u>
	<u>\$ 46,887</u>

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>
2019	\$ 42,455	\$ 1,670	\$ 40,785
2020	6,182	80	6,102
Total	<u>\$ 48,637</u>	<u>\$ 1,750</u>	<u>\$ 46,887</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, 2018 is \$1,777,823.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 6 - 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>
2019	\$ 353,102	\$ 26,893
2020	358,535	21,460
2021	364,356	15,639
2022	370,217	9,779
2023-2025	331,613	3,824
Total	<u>\$ 1,777,823</u>	<u>\$ 77,595</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, 2017	\$ 266,426	\$ 2,124,962	\$ 2,391,388
New obligations	-	-	-
Payments	(227,451)	(379,895)	(607,346)
Interest included	7,912	32,756	40,668
Principal balance June 30, 2018	<u>\$ 46,887</u>	<u>\$ 1,777,823</u>	<u>\$ 1,824,710</u>

NOTE 7 – COMPENSATED ABSENCES:

The following is a summary of accumulated unpaid vacation pay transactions of the County for the year ended June 30, 2018:

Balance June 30, 2017	\$ 436,481
Net change in benefits payable	<u>11,257</u>
Balance June 30, 2018	<u>\$ 447,738</u>

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

NOTE 8 - DEFERRED INFLOWS OF RESOURCES:

Deferred revenue at June 30, 2018 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, 2018

NOTE 9 -- 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, 2018 consisted of the following:

Due To	Due From	Amount
General Fund	Airport Fund	\$ 265,000
General Fund	CAMI Grant Fund	40,000
		\$ 305,000

The following are the County's interfund transfers for the year ended June 30, 2018. 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	30,000
General	Building Res.	For future construction	50,000
General	Computer Res.	For purchase of computer equipment	15,000
General	General Road	For general operations of General Road	651,488
General	Heppner Admin Build.	For debt service payments of Heppner Admin Build.	394,000
General	Weed Equip Reserve	For capital purchases for weed equipment	46,196
Finley Buttes Road	General Road	For improvements to County Road	200,000
Finley Buttes Lic.	General Road	For general operations & impr. of Co. Roads	1,275,000
STO Operating Grant	Special Transportation	For general operations of the Special Transportation Dept.	30,635
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	10,000
Video Lottery Econ. Develop.	General	For general operations of the museum department	11,000
Echo Wind Fees	General	For general operations of the County	40,000
Shepherds Flat Fees	General Road	For general operations & impr. of Co. Roads	1,454,590
Shepherds Flat Fees	Road Equip. Res.	For purchases of equipment	175,000
PGE - CARTY	General Road	For general operations & improv. of Co. Roads	1,525,211
		Total	\$ 5,928,120

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 10 -- 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 11 -- DEFERRED COMPENSATION PLAN:

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

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

NOTE 12 -- LITIGATION:

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

NOTE 13 -- 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.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 14 -- SUBSEQUENT TAX REVENUES:

The 2018-2019 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	\$ 8,318,580
County school fund	25,461
Ione school fund	2,479
Fair fund	69,236
	<u>\$ 8,415,756</u>

After an allowance for expected delinquent tax payments, the County expects to collect at least the amount of property taxes budgeted for 2018-2019.

NOTE 15 -- TAXES:

County governmental funds received the following tax revenues:

Property taxes	\$ 7,966,048
Fuel tax apportionment	929,036
Payments in lieu of taxes	862,984
Other taxes	142,074
	<u>\$ 9,900,142</u>

NOTE 16 -- PRIOR PERIOD ADJUSTMENT:

The County reduced its Government-wide net position by \$390,585 because of the implementation of GASB 75. GASB 75 changes the way the County measures its OPEB - implied subsidy liability. It also requires that net OPEB liability or asset to be reported on the Statement of Net Position. GASB 75 implementation is required for reporting periods beginning after June 15, 2017. The County also increased its Government-wide net position by \$204,506 to record construction in process costs that were not included in prior year net position.

Net position reported at June 30, 2017	\$ 83,835,990
OPEB - implied subsidy liability at June 30, 2017	(390,585)
Construction in process at June 30, 2017	204,506
Net position restated at June 30, 2017	<u>\$ 83,649,911</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 17 -- INTERGOVERNMENTAL REVENUES:

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

Health department funds	\$ 591,146
Oregon Health Authority funds	1,442,322
Park department funds	339,050
Community Corrections funds	670,370
Sheriff department grants	405,506
Road department funds	614,793
911 Emergency funds	300,104
Federal forest fees and federal mineral lease	125,455
Assessment and taxation funds	88,993
Video lottery apportionment	86,798
Victim/Witness assistance funds	60,361
Other federal and state funds	709,355
	<u>\$ 5,434,253</u>

NOTE 18 -- 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, 2018, Morrow County received the following fees from the landfill operator:

Finley Buttes road fund	\$ 378,412
Finley Buttes license fee fund	<u>1,508,614</u>
	<u>\$ 1,887,026</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, 2018, the balance of funds in the landfill closure agency fund was \$1,203,402.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 19 -- 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, 2018

NOTE 19 -- DEFINED BENEFIT PENSION PLAN (continued):

The following is a summary of plan participants at July 1, 2017:

Active members:	
Public safety	20
General	82
Total active	<u>102</u>
Inactive participants:	
Vested terminated	23
Non-vested terminated entitled to account balance	44
Retirees and beneficiaries	59
Total inactive	<u>126</u>
Total participants	<u><u>228</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, 2016</u>	<u>June 30, 2017</u>
Total pension liability	\$30,537,274	\$32,667,258
Plan fiduciary net position	18,783,226	21,148,866
Net pension liability	<u>\$11,754,048</u>	<u>\$11,518,392</u>
Fiduciary net position as a % of total pension liability	61.51%	64.74%
Covered payroll	\$ 5,315,783	\$ 5,802,486
Net pension liability as a % of covered payroll	221.12%	198.51%

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, 2018

NOTE 19 -- 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, 2016	\$ 30,537,274	\$ 18,783,226	\$ 11,754,048
Changes for the year:			
Service cost	768,358	-	768,358
Interest on total pension liability	2,143,810	-	2,143,810
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	577,357	-	577,357
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(1,416,721)	(1,416,721)	-
Administrative expenses	-	(45,738)	45,738
Member contributions	57,180	57,180	-
Net investment income	-	2,001,161	(2,001,161)
Employer contributions	-	1,769,758	(1,769,758)
	\$ 32,667,258	\$ 21,148,866	\$ 11,518,392
Balances as of June 30, 2017			

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	\$ 36,893,784	\$ 32,667,258	\$ 29,140,653
Fiduciary net position	21,148,866	21,148,866	21,148,866
Net pension liability	\$ 15,744,918	\$ 11,518,392	\$ 7,991,787

MORROW COUNTY, OREGON

Notes to Basic Financial Statements
June 30, 2018

NOTE 19 -- DEFINED BENEFIT PENSION PLAN (continued):

F. Pension Expense:

	Fiscal Year Ending June 30, 2018
Service cost	\$ 768,358
Interest on total pension liability	2,143,810
Effect of plan changes	-
Administrative expenses	45,738
Expected investment return net of investment expenses	(1,327,583)
Recognition of deferred (inflows)outflows of resources:	
Recognition of economic/demographic (gains) or losses	679,111
Recognition of assumption changes or inputs	435,548
Recognition of investment (gains) or losses	160,407
Pension expense	<u>\$ 2,905,389</u>

G. Deferred (Inflows) / Outflows of Resources:

As of June 30, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 730,383
Changes in assumptions or inputs	-	261,329
Net difference between projected and actual earnings	-	722,115
Contributions made subsequent to measurement date	-	2,873,457
	<u>\$ -</u>	<u>\$ 4,587,284</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, 2019.

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>
2019	\$ (866,730)
2020	(656,832)
2021	(324,979)
2022	134,714

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 20 -- OTHER POST EMPLOYMENT BENEFIT PLAN:

A. Plan Description:

The County operates a single-employer retiree benefit plan which provides medical benefits insurance for retirees and their dependents under the age of 65. As of July 1, 2016, there were 77 active employees and 4 eligible retired members in the plan. Eligible retirees pay the same premium for the medical benefit insurance as active employees, which results in an implicit subsidy and an OPEB liability. The contribution requirements of plan members are established by and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis. The same monthly premiums apply to retirees.

The County's annual other postemployment benefit (OPEB) liability is determined using the normal actuarial cost allocation method in accordance with the parameters of GASB Statement No. 75. In addition, GASB 75 requires that the allocation of costs for accounting purposes be made as a level percentage of employee's projected pay, including future anticipated pay increases. The following table shows the total OPEB liability as of June 30, 2018, based on the July 1, 2016 valuation date and a June 30, 2017 measurement date. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

	Year Ended June 30, 2017	Year Ended June 30, 2018
Total OPEB liability	\$ 390,585	\$ 380,465
Covered payroll	\$ 5,315,783	\$ 5,802,486
Total OPEB liability as a % of covered payroll	7.35%	6.56%
Discount rate	2.85%	3.58%
Other Key Actuarial Assumptions and Methods:		
Valuation date	July 1, 2016	July 1, 2016
Measurement Date	June 30, 2016	June 30, 2017
Inflation	2.50%	2.50%
Salary Increases	3.50%	3.50%
Healthy Mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 20 -- OTHER POST EMPLOYMENT BENEFIT PLAN (continued):

The following table shows the changes in net OPEB liability from June 30, 2017 to June 30, 2018:

	Increase (Decrease) Total
Balance as of June 30, 2017	\$ 390,585
Changes for the year:	
Service cost	19,370
Interest on total OPEB liability	11,336
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(16,234)
Benefit payments	(24,592)
Balance as of June 30, 2018	<u>\$ 380,465</u>

The following presents the total OPEB liability of the Plan, calculated using the discount rate of 3.58%, as well as what the Plan's total OPEB liability would be if it were calculate using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 403,408</u>	<u>\$ 380,465</u>	<u>\$ 358,776</u>
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 353,060</u>	<u>\$ 380,465</u>	<u>\$ 411,178</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 20 -- OTHER POST EMPLOYMENT BENEFIT PLAN (continued):

The annual OPEB expense is an accounting item designed to recognize certain changes to the Total OPEB Liability in the current period income statement. Additionally, changes to the total OPEB Liability not fully recognized in a given year's OPEB expense will be tracked as deferred inflows and outflows, and recognized incrementally in the OPEB expense over time. The following table shows the OPEB expense for the fiscal year ending June 30, 2018.

	July 1, 2017 to June 30, 2018
Service cost	\$ 19,370
Interest on total OPEB liability	11,336
Effect of plan changes	-
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	-
Recognition of assumptions changes or inputs	(2,661)
Administrative expenses	-
Balance as of June 30, 2018	\$ 28,045

The following shows the total deferred inflows and outflows of resources as of June 30, 2018, along with a schedule showing the amounts that will be recognized in future years.

	Deferred Inflows of Resources	Deferred Outflows of
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions or inputs	(13,573)	-
Contributions made subsequent to measurement date	-	21,810
Total as of June 30, 2018	\$ (13,573)	\$ 21,810

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30:	Annual recognition
2019	\$ (2,661)
2020	(2,661)
2021	(2,661)
2022	(2,661)
2023	(2,661)
Thereafter	(268)
	\$ (13,573)

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

NOTE 21 -- 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	\$ (1,691,832)	\$ (11,538)	\$ (1,703,370)
General Road	746,070	8,409	754,479
911 Emergency Telephone	77,640	(1,502)	76,138
Fair	66,249	2,119	68,368
Special Transportation	(19,816)	(644)	(20,460)
Victim/Witness Assistance	870	2,018	2,888
Park	90,993	(2,674)	88,319
Community Corrections	190,146	(7,442)	182,704

NOTE 22 -- 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	5,211,090	\$ (287,045)	\$ 4,924,045
General Road	1,956,164	(114,085)	1,842,079
911 Emergency Telephone	208,442	(10,362)	198,080
Fair	162,910	(499)	162,411
Special Transportation	28,140	(9,094)	19,046
Victim/Witness Assistance	20,243	(3,037)	17,206
Park	442,416	(7,494)	434,922
Community Corrections	411,930	(16,121)	395,809

MORROW COUNTY, OREGON

Notes to Basic Financial Statements
June 30, 2018

NOTE 23 -- 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, 2018, 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>	
	<u>Total</u>	<u>County Share</u>	<u>Total</u>	<u>County Share</u>
Enterprise Zone	\$ 25,774	\$ 7,166	\$ 435	\$ -
Strategic Investment Program	\$ 11,201	\$ 3,399	\$ 3,856	\$ 2,870

NOTE 24 -- 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 6/30/2018	Balance of Deferred Inflows 6/30/2018	Balance of Deferred Outflows 6/30/2018
Investment	\$ (673,578)	2016-2017	5.0	\$ (134,716)	\$ (538,862)	\$ -
(gains) or losses	1,817,353	2015-2016	5.0	363,471	-	1,090,411
	1,194,561	2014-2015	5.0	238,912	-	477,825
	(1,536,299)	2013-2014	5.0	(307,260)	(307,259)	-
				<u>\$ 160,407</u>	<u>\$ (846,121)</u>	<u>\$ 1,568,236</u>
Economic/demographic	\$ 577,357	2016-2017	3.6	\$ 160,377	\$ -	\$ 416,980
(gains) or losses	201,509	2015-2016	3.5	57,574	-	86,361
	1,362,260	2014-2015	3.6	378,406	-	227,042
	393,080	2013-2014	3.8	82,754	-	-
				<u>\$ 679,111</u>	<u>\$ -</u>	<u>\$ 730,383</u>
Assumption	\$ -	2016-2017	3.6	\$ -	\$ -	\$ -
changes or inputs	-	2015-2016	3.5	-	-	-
	1,567,973	2014-2015	3.6	435,548	-	261,329
	-	2013-2014	3.8	-	-	-
				<u>\$ 435,548</u>	<u>\$ -</u>	<u>\$ 261,329</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	June 30, 2017
Total Pension Liability			
Service cost	\$ 564,657	\$ 670,931	\$ 768,358
Interest on total pension liability	1,894,605	2,049,096	2,143,810
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	1,362,260	201,509	577,357
Effect of assumptions changes or inputs	1,567,973	-	
Benefit payments	(1,030,803)	(2,021,216)	(1,416,721)
Member contributions	34,322	48,953	57,180
Net change in total pension liability	4,393,014	949,273	2,129,984
Total pension liability, beginning	25,194,987	29,588,001	30,537,274
Total pension liability, ending	<u>\$ 29,588,001</u>	<u>\$ 30,537,274</u>	<u>\$ 32,667,258</u>
Fiduciary Net Position			
Employer contributions	\$ 1,225,021	\$ 1,350,209	\$ 1,769,758
Member contributions	34,322	48,953	57,180
Investment income net of investment expenses	271,052	(447,095)	2,001,161
Benefit payments	(1,030,803)	(2,021,216)	(1,416,721)
Administrative expenses	(13,825)	(67,539)	(45,738)
Net change in plan fiduciary net position	485,767	(1,136,688)	2,365,640
Fiduciary net position, beginning	19,434,147	19,919,914	18,783,226
Fiduciary net position, ending	<u>\$ 19,919,914</u>	<u>\$ 18,783,226</u>	<u>\$ 21,148,866</u>
Net pension liability, ending	\$ 9,668,087	\$ 11,754,048	\$ 11,518,392
Fiduciary net position as a % of total pension liability	67.32%	61.51%	64.74%
Covered payroll	\$ 4,959,599	\$ 5,315,783	\$ 5,802,486
Net pension liability as a % of covered payroll	194.94%	221.12%	198.51%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Employer Contributions

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

	<u>2017</u>	<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>
Actuarially determined contribution	\$ 1,770	\$ 1,350	\$ 1,225	\$ 1,110	\$ 1,005	\$ 1,133	\$ 1,123	\$ 835	\$ 710	\$ 684
Actual employer contribution	1,770	1,350	1,225	1,075	909	896	1,089	835	710	684
Contribution deficiency (Excess)	-	-	-	(35)	(96)	(237)	(34)	-	-	-
Covered payroll	5,802	5,315	4,960	4,800	4,748	4,837	4,813	4,154	4,165	3,819
Contribution as a % of covered payroll	30.51%	25.40%	24.70%	22.40%	19.14%	18.52%	22.63%	20.10%	17.05%	17.91%
Valuation Date	7/1/2016	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
Investment Rate of Return Assumption	7.00%	7.00%	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, 2017

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, 2016	\$ 18,783,226	12.00	1.00	\$ 20,757,080
Monthly net external cash flows:				
July	10,379	11.00	0.96	11,422
August	33,799	10.00	0.88	36,887
September	(30,339)	9.00	0.79	(32,836)
October	205,226	8.00	0.71	220,278
November	56,024	7.00	0.63	59,634
December	62,925	6.00	0.54	66,425
January	48,502	5.00	0.46	50,775
February	44,422	4.00	0.38	46,118
March	8,259	3.00	0.29	8,503
April	60,163	2.00	0.21	61,429
May	(167,386)	1.00	0.13	(169,490)
June	32,505	0.00	0.04	32,641
Ending Value - June 30, 2017	21,148,866			
Money - Weighted Rate of Return	10.51%			

Schedule of Investment Returns

Fiscal Year Ending June 30,	Money-Weighted Rate of Return Net of Investment Expenses
2017	10.51%
2016	(2.27)%
2015	1.39%
2014	16.77%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Changes in Total OPEB Liability and Related Ratios

	Fiscal Year Ending June 30, <u>June 30, 2018</u>
Total Pension Liability	
Service cost	\$ 19,370
Interest on total pension liability	11,336
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	-
Effect of assumptions changes or inputs	-
Benefit payments	(16,234)
Member contributions	(24,592)
Net change in total pension liability	<u>(10,120)</u>
Total pension liability, beginning	390,585
Total pension liability, ending	<u><u>\$ 380,465</u></u>
Covered payroll	\$ 5,802,486
Net pension liability as a % of covered payroll	6.56%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Notes to Required Supplementary Information
June 30, 2018

CHANGE IN BENEFIT TERMS:

GASB 68 and 75 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension or OPEB Liability, along with an estimate of resulting change, if available.

We are not aware of any changes that meet this disclosure requirement.

OTHER SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Non-Major Governmental Funds

June 30, 2018

Special Revenue Funds:

- Heritage Fund
- Finley Buttes Road Fund
- Commission on Children and Families 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
- PGE - Carty

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, 2018

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS:</u>			
Cash	\$ 3,276,093	\$ 945,883	\$ 4,221,976
Property taxes receivable	4,302	-	4,302
Other receivables	1,032,436	-	1,032,436
Total assets	<u>\$ 4,312,831</u>	<u>\$ 945,883</u>	<u>\$ 5,258,714</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 128,018	\$ 115,063	\$ 243,081
Accrued payroll and payroll taxes payable	37,622	-	37,622
Due to other funds	40,000	-	40,000
Total liabilities	<u>205,640</u>	<u>115,063</u>	<u>320,703</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred property taxes	<u>1,162</u>	<u>-</u>	<u>1,162</u>
<u>FUND BALANCES:</u>			
Restricted	1,309,829	-	1,309,829
Committed	2,804,586	830,820	3,635,406
Unassigned	(8,386)	-	(8,386)
Total fund balances	<u>4,106,029</u>	<u>830,820</u>	<u>4,936,849</u>
Total fund balances and liabilities	<u>\$ 4,312,831</u>	<u>\$ 945,883</u>	<u>\$ 5,258,714</u>

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, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ 366,878	\$ -	\$ 366,878
Intergovernmental	1,616,190	-	1,616,190
Fees, fines and charges for services	6,236,382	-	6,236,382
Interest	74,602	15,600	90,202
Miscellaneous	58,731	45,382	104,113
Total revenues	<u>8,352,783</u>	<u>60,982</u>	<u>8,413,765</u>
<u>EXPENDITURES:</u>			
General government	443,324	27,937	471,261
Public safety	1,435,902	-	1,435,902
Culture and recreation	664,460	20,390	684,850
Education	235,606	-	235,606
Capital outlay	233,150	491,719	724,869
Debt service	-	379,895	379,895
Total expenditures	<u>3,012,442</u>	<u>919,941</u>	<u>3,932,383</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>5,340,341</u>	<u>(858,959)</u>	<u>4,481,382</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Proceeds from asset disposition	-	37,000	37,000
Operating transfers in	75,635	695,196	770,831
Operating transfers out	(4,726,436)	-	(4,726,436)
Total other financing sources (uses)	<u>(4,650,801)</u>	<u>732,196</u>	<u>(3,918,605)</u>
<u>NET CHANGE IN FUND BALANCES</u>	689,540	(126,763)	562,777
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>3,416,489</u>	<u>957,583</u>	<u>4,374,072</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 4,106,029</u>	<u>\$ 830,820</u>	<u>\$ 4,936,849</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds

June 30, 2018

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.
- **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, 2018

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.
- **PGE- Carty** - accounts for revenues and expenditures associated with the PGE Carty project.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	<u>Heritage</u>	<u>Finley Buttes Road</u>	<u>Commission on Children and Families</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserve- tion</u>	<u>Finley Buttes Lic. Fees</u>	<u>County School</u>
<u>ASSETS:</u>								
Cash	\$ 17,483	\$ 227,914	\$ 66,158	\$ 32,064	\$ 140,484	\$ 205,358	\$ 360,759	\$ 187
Property taxes receivable	-	-	-	-	-	-	-	1,127
Other receivables	-	31,691	-	-	76,466	76	126,261	-
Total assets	<u>\$ 17,483</u>	<u>\$ 259,605</u>	<u>\$ 66,158</u>	<u>\$ 32,064</u>	<u>\$ 216,950</u>	<u>\$ 205,434</u>	<u>\$ 487,020</u>	<u>\$ 1,314</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ 216	\$ -	\$ -	\$ 201	\$ -	\$ -	\$ 5,258	\$ -
Accrued payroll and payroll taxes payable	-	-	-	-	8,508	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>216</u>	<u>-</u>	<u>-</u>	<u>201</u>	<u>8,508</u>	<u>-</u>	<u>5,258</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Deferred property taxes	-	-	-	-	-	-	-	1,059
<u>FUND BALANCES:</u>								
Restricted	-	259,605	66,158	-	208,442	-	-	255
Committed	17,267	-	-	31,863	-	205,434	481,762	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>17,267</u>	<u>259,605</u>	<u>66,158</u>	<u>31,863</u>	<u>208,442</u>	<u>205,434</u>	<u>481,762</u>	<u>255</u>
	<u>\$ 17,483</u>	<u>\$ 259,605</u>	<u>\$ 66,158</u>	<u>\$ 32,064</u>	<u>\$ 216,950</u>	<u>\$ 205,434</u>	<u>\$ 487,020</u>	<u>\$ 1,314</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

Continued from previous page.

	<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	\$ 18	\$ 164,232	\$ 36,962	\$ 22,694	\$ 66,421	\$ 16,314	\$ 34,877	\$ 35,240
Property taxes receivable	110	3,065	-	-	-	-	-	-
Other receivables	-	-	-	-	-	7,129	-	-
Total assets	<u>\$ 128</u>	<u>\$ 167,297</u>	<u>\$ 36,962</u>	<u>\$ 22,694</u>	<u>\$ 66,421</u>	<u>\$ 23,443</u>	<u>\$ 34,877</u>	<u>\$ 35,240</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ -	\$ 3,656	\$ 5,781	\$ -	\$ -	\$ 605	\$ -	\$ 3,626
Accrued payroll and payroll taxes payable	-	731	3,041	-	-	2,595	-	-
Due to other funds	-	-	-	-	-	-	-	40,000
Total liabilities	<u>-</u>	<u>4,387</u>	<u>8,822</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>	<u>43,626</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Deferred property taxes	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>								
Restricted	25	-	-	22,694	66,421	-	-	-
Committed	-	162,910	28,140	-	-	20,243	34,877	-
Unassigned	-	-	-	-	-	-	-	(8,386)
Total fund balances	<u>25</u>	<u>162,910</u>	<u>28,140</u>	<u>22,694</u>	<u>66,421</u>	<u>20,243</u>	<u>34,877</u>	<u>(8,386)</u>
	<u>\$ 128</u>	<u>\$ 167,297</u>	<u>\$ 36,962</u>	<u>\$ 22,694</u>	<u>\$ 66,421</u>	<u>\$ 23,443</u>	<u>\$ 34,877</u>	<u>\$ 35,240</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

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	\$ 20,545	\$ 46,354	\$ 63,661	\$ 17,677	\$ 27,445	\$ 638,257	\$ 387,877	\$ 85,431	\$ 827
Property taxes receivable	-	-	-	-	-	-	-	-	-
Other receivables	-	-	2,138	12	-	37,681	97,620	530,333	-
Total assets	<u>\$ 20,545</u>	<u>\$ 46,354</u>	<u>\$ 65,799</u>	<u>\$ 17,689</u>	<u>\$ 27,445</u>	<u>\$ 675,938</u>	<u>\$ 485,497</u>	<u>\$ 615,764</u>	<u>\$ 827</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ 149	\$ 50,822	\$ -	\$ 50	\$ -	\$ 35,280	\$ 10,749	\$ -
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	7,801	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>149</u>	<u>50,822</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>43,081</u>	<u>10,749</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	-	-	14,977	-	27,395	-	-	-	827
Committed	20,545	46,205	-	17,689	-	675,938	442,416	605,015	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>20,545</u>	<u>46,205</u>	<u>14,977</u>	<u>17,689</u>	<u>27,395</u>	<u>675,938</u>	<u>442,416</u>	<u>605,015</u>	<u>827</u>
	<u>\$ 20,545</u>	<u>\$ 46,354</u>	<u>\$ 65,799</u>	<u>\$ 17,689</u>	<u>\$ 27,445</u>	<u>\$ 675,938</u>	<u>\$ 485,497</u>	<u>\$ 615,764</u>	<u>\$ 827</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

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>PGE Carty</u>	<u>Totals</u>
<u>ASSETS:</u>									
Cash	\$ 11,258	\$ 60,803	\$ 138,799	\$ 1,998	\$ 280	\$ 33,609	\$ 313,361	\$ 746	\$ 3,276,093
Property taxes receivable	-	-	-	-	-	-	-	-	4,302
Other receivables	-	-	1,153	-	-	-	121,876	-	1,032,436
Total assets	<u>\$ 11,258</u>	<u>\$ 60,803</u>	<u>\$ 139,952</u>	<u>\$ 1,998</u>	<u>\$ 280</u>	<u>\$ 33,609</u>	<u>\$ 435,237</u>	<u>\$ 746</u>	<u>\$ 4,312,831</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ 3,223	\$ 8,361	\$ -	\$ 128,018
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	14,946	-	37,622
Due to other funds	-	-	-	-	-	-	-	-	40,000
Total liabilities	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>3,223</u>	<u>23,307</u>	<u>-</u>	<u>205,640</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>									
Deferred property taxes	-	-	-	-	-	-	-	-	1,162
<u>FUND BALANCES:</u>									
Restricted	-	60,803	139,911	-	-	30,386	411,930	-	1,309,829
Committed	11,258	-	-	1,998	280	-	-	746	2,804,586
Unassigned	-	-	-	-	-	-	-	-	(8,386)
Total fund balances	<u>11,258</u>	<u>60,803</u>	<u>139,911</u>	<u>1,998</u>	<u>280</u>	<u>30,386</u>	<u>411,930</u>	<u>746</u>	<u>4,106,029</u>
	<u>\$ 11,258</u>	<u>\$ 60,803</u>	<u>\$ 139,952</u>	<u>\$ 1,998</u>	<u>\$ 280</u>	<u>\$ 33,609</u>	<u>\$ 435,237</u>	<u>\$ 746</u>	<u>\$ 4,312,831</u>

See accompanying independent
auditor's report.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

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

Year Ended June 30, 2018

	Heritage	Finley Buttes Road	Commission on Children/ Families	Law Library	911 Emergency Telephone	Surveyor Preserva- tion	Finley Buttes Lic. Fees	County School
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,262
Intergovernmental	-	-	-	-	300,104	-	-	38,250
Fees, fines, and charges for services	-	378,412	-	6,832	-	14,146	1,508,614	-
Interest	296	2,694	-	601	2,047	3,498	10,617	172
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>296</u>	<u>381,106</u>	<u>-</u>	<u>7,433</u>	<u>302,151</u>	<u>17,644</u>	<u>1,519,231</u>	<u>208,684</u>
<u>EXPENDITURES:</u>								
General government	-	-	-	-	-	-	26,023	-
Public safety	-	-	-	-	224,511	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	216	-	-	-	-	28,930	-	-
Education	-	-	-	7,255	-	-	-	208,778
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>216</u>	<u>-</u>	<u>-</u>	<u>7,255</u>	<u>224,511</u>	<u>28,930</u>	<u>26,023</u>	<u>208,778</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>80</u>	<u>381,106</u>	<u>-</u>	<u>178</u>	<u>77,640</u>	<u>(11,286)</u>	<u>1,493,208</u>	<u>(94)</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(200,000)	-	-	-	-	(1,275,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,275,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>80</u>	<u>181,106</u>	<u>-</u>	<u>178</u>	<u>77,640</u>	<u>(11,286)</u>	<u>218,208</u>	<u>(94)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>17,187</u>	<u>78,499</u>	<u>66,158</u>	<u>31,685</u>	<u>130,802</u>	<u>216,720</u>	<u>263,554</u>	<u>349</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 17,267</u>	<u>\$ 259,605</u>	<u>\$ 66,158</u>	<u>\$ 31,863</u>	<u>\$ 208,442</u>	<u>\$ 205,434</u>	<u>\$ 481,762</u>	<u>\$ 255</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, 2018

	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	\$ 15,980	\$ 65,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,568	53,167	103,572	-	86,798	60,361	-	7,823
Fees, fines, and charges for services	-	30,924	3,498	-	-	-	120,325	-
Interest	16	2,044	354	384	866	-	472	250
Miscellaneous	-	2,890	-	-	-	471	-	703
Total revenues	<u>19,564</u>	<u>154,139</u>	<u>107,424</u>	<u>384</u>	<u>87,664</u>	<u>60,832</u>	<u>120,797</u>	<u>8,776</u>
<u>EXPENDITURES:</u>								
General government	-	-	157,875	-	45,213	-	86,139	25,488
Public safety	-	-	-	-	-	89,962	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	92,890	-	-	-	-	-	-
Education	19,573	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>19,573</u>	<u>92,890</u>	<u>157,875</u>	<u>-</u>	<u>45,213</u>	<u>89,962</u>	<u>86,139</u>	<u>25,488</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(9)</u>	<u>61,249</u>	<u>(50,451)</u>	<u>384</u>	<u>42,451</u>	<u>(29,130)</u>	<u>34,658</u>	<u>(16,712)</u>
<u>OTHER FINANCING SOURCES (USES)</u>								
Operating transfers in	-	5,000	30,635	-	-	30,000	-	-
Operating transfers out	-	-	-	-	(26,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>30,635</u>	<u>-</u>	<u>(26,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(9)</u>	<u>66,249</u>	<u>(19,816)</u>	<u>384</u>	<u>16,451</u>	<u>870</u>	<u>34,658</u>	<u>(16,712)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</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>FUND BALANCE, END OF YEAR</u>	<u>\$ 25</u>	<u>\$ 162,910</u>	<u>\$ 28,140</u>	<u>\$ 22,694</u>	<u>\$ 66,421</u>	<u>\$ 20,243</u>	<u>\$ 34,877</u>	<u>\$ (8,386)</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, 2018

	Safety Committee	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Building Permit Fees	Parks	Equity	Liquor Control
<u>REVENUES:</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,522	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	241,593	-	-
Fees, fines, and charges for services	-	51,536	585,976	1,669	900	142,325	383,242	-	-
Interest	325	749	-	286	450	9,662	5,156	13,775	14
Miscellaneous	7,000	-	-	-	-	6,299	13,224	-	-
Total revenues	<u>7,325</u>	<u>52,285</u>	<u>585,976</u>	<u>1,955</u>	<u>1,350</u>	<u>158,286</u>	<u>758,737</u>	<u>13,775</u>	<u>14</u>
<u>EXPENDITURES:</u>									
General government	1,914	-	-	-	-	1,525	-	10,748	-
Public safety	-	-	587,446	-	50	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	60,787	-	-	-	-	475,637	-	-
Education	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	192,107	-	-
Total expenditures	<u>1,914</u>	<u>60,787</u>	<u>587,446</u>	<u>-</u>	<u>50</u>	<u>1,525</u>	<u>667,744</u>	<u>10,748</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>5,411</u>	<u>(8,502)</u>	<u>(1,470)</u>	<u>1,955</u>	<u>1,300</u>	<u>156,761</u>	<u>90,993</u>	<u>3,027</u>	<u>14</u>
<u>OTHER FINANCING SOURCES (USES)</u>									
Operating transfers in	-	10,000	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>5,411</u>	<u>1,498</u>	<u>(1,470)</u>	<u>1,955</u>	<u>1,300</u>	<u>156,761</u>	<u>90,993</u>	<u>3,027</u>	<u>14</u>
<u>FUND BALANCE, BEGINNING 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>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 20,545</u>	<u>\$ 46,205</u>	<u>\$ 14,977</u>	<u>\$ 17,689</u>	<u>\$ 27,395</u>	<u>\$ 675,938</u>	<u>\$ 442,416</u>	<u>\$ 605,015</u>	<u>\$ 827</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, 2018

	<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>PGE Carty</u>	<u>Totals</u>
<u>REVENUES:</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 366,878
Intergovernmental	-	-	-	-	-	50,584	670,370	-	1,616,190
Fees, fines, and charges for services	-	-	14,007	41,048	1,342,419	-	35,298	1,575,211	6,236,382
Interest	-	964	2,417	475	11,040	771	3,461	746	74,602
Miscellaneous	-	-	-	-	-	28,144	-	-	58,731
Total revenues	<u>-</u>	<u>964</u>	<u>16,424</u>	<u>41,523</u>	<u>1,353,459</u>	<u>79,499</u>	<u>709,129</u>	<u>1,575,957</u>	<u>8,352,783</u>
<u>EXPENDITURES:</u>									
General government	-	-	-	-	21,500	16,899	-	50,000	443,324
Public safety	-	-	14,950	-	-	-	518,983	-	1,435,902
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	6,000	-	-	-	-	-	-	-	664,460
Education	-	-	-	-	-	-	-	-	235,606
Capital outlay	-	-	-	-	-	41,043	-	-	233,150
Total expenditures	<u>6,000</u>	<u>-</u>	<u>14,950</u>	<u>-</u>	<u>21,500</u>	<u>57,942</u>	<u>518,983</u>	<u>50,000</u>	<u>3,012,442</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(6,000)</u>	<u>964</u>	<u>1,474</u>	<u>41,523</u>	<u>1,331,959</u>	<u>21,557</u>	<u>190,146</u>	<u>1,525,957</u>	<u>5,340,341</u>
<u>OTHER FINANCING SOURCES (USES)</u>									
Operating transfers in	-	-	-	-	-	-	-	-	75,635
Operating transfers out	-	-	-	(40,000)	(1,629,590)	(30,635)	-	(1,525,211)	(4,726,436)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(1,629,590)</u>	<u>(30,635)</u>	<u>-</u>	<u>(1,525,211)</u>	<u>(4,650,801)</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(6,000)</u>	<u>964</u>	<u>1,474</u>	<u>1,523</u>	<u>(297,631)</u>	<u>(9,078)</u>	<u>190,146</u>	<u>746</u>	<u>689,540</u>
<u>FUND BALANCE, BEGINNING 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>-</u>	<u>3,416,489</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 11,258</u>	<u>\$60,803</u>	<u>\$ 139,911</u>	<u>\$ 1,998</u>	<u>\$ 280</u>	<u>\$ 30,386</u>	<u>\$ 411,930</u>	<u>\$ 746</u>	<u>\$ 4,106,029</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, 2018

	<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	\$ 296	\$ 146
Grants	10,000	10,000	-	(10,000)
Total revenues	<u>10,150</u>	<u>10,150</u>	<u>296</u>	<u>(9,854)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>27,497</u>	<u>27,497</u>	<u>216</u>	<u>27,281</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(17,347)	(17,347)	80	17,427
<u>FUND BALANCES, BEGINNING</u>				
	<u>17,347</u>	<u>17,347</u>	<u>17,187</u>	<u>(160)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,267</u>	<u>\$ 17,267</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, 2018

	<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	\$ 378,412	\$ 103,412
Interest	3,000	3,000	2,694	(306)
Total revenues	<u>278,000</u>	<u>278,000</u>	<u>381,106</u>	<u>103,106</u>
<u>EXPENDITURES:</u>				
Contractual services	<u>78,000</u>	<u>78,000</u>	<u>-</u>	<u>78,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	200,000	200,000	381,106	181,106
<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>				
	-	-	181,106	181,106
<u>FUND BALANCES, BEGINNING</u>				
	-	-	78,499	78,499
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,605</u>	<u>\$ 259,605</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, 2018

	<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>	-	-	66,158	66,158
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 66,158	\$ 66,158

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, 2018

	<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	\$ 6,832	\$ 1,832
Interest	130	130	601	471
Total revenues	<u>5,130</u>	<u>5,130</u>	<u>7,433</u>	<u>2,303</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>39,280</u>	<u>39,280</u>	<u>7,255</u>	<u>32,025</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(34,150)	(34,150)	178	34,328
<u>FUND BALANCES, BEGINNING</u>				
	<u>34,150</u>	<u>34,150</u>	<u>31,685</u>	<u>(2,465)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,863</u>	<u>\$ 31,863</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State 911 apportionment	\$ 262,800	\$ 262,800	\$ 300,104	\$ 37,304
Interest	700	700	2,047	1,347
Total revenues	<u>263,500</u>	<u>263,500</u>	<u>302,151</u>	<u>38,651</u>
<u>EXPENDITURES:</u>				
Personnel services	244,853	244,853	202,455	42,398
Materials and services	40,555	40,555	23,558	16,997
Total expenditures	<u>285,408</u>	<u>285,408</u>	<u>226,013</u>	<u>59,395</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(21,908)	(21,908)	76,138	98,046
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>12,000</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(33,908)	(33,908)	76,138	110,046
<u>FUND BALANCES, BEGINNING</u>				
	<u>33,908</u>	<u>33,908</u>	<u>121,942</u>	<u>88,034</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,080</u>	<u>\$ 198,080</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, 2018

	<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	\$ 14,146	\$ 1,646
Interest	950	950	3,498	2,548
Total revenues	<u>13,450</u>	<u>13,450</u>	<u>17,644</u>	<u>4,194</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>229,950</u>	<u>229,950</u>	<u>28,930</u>	<u>201,020</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(216,500)	(216,500)	(11,286)	205,214
<u>FUND BALANCES, BEGINNING</u>				
	<u>216,500</u>	<u>216,500</u>	<u>216,720</u>	<u>220</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,434</u>	<u>\$ 205,434</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, 2018

	<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	\$ 1,508,614	\$ 258,614
Interest	2,000	2,000	10,617	8,617
Total revenues	<u>1,252,000</u>	<u>1,252,000</u>	<u>1,519,231</u>	<u>267,231</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>127,000</u>	<u>127,000</u>	<u>26,023</u>	<u>100,977</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,125,000	1,125,000	1,493,208	368,208
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(1,275,000)</u>	<u>(1,275,000)</u>	<u>(1,275,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(150,000)	(150,000)	218,208	368,208
<u>FUND BALANCES, BEGINNING</u>	<u>150,000</u>	<u>150,000</u>	<u>263,554</u>	<u>113,554</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,762</u>	<u>\$ 481,762</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, 2018

	<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	\$ 20,790	\$ 25,790	\$ 23,945	\$ (1,845)
Federal forest rentals (25%)	33,000	33,000	38,250	5,250
In lieu of taxes	123,510	158,510	146,317	(12,193)
Interest	60	60	172	112
Total revenues	<u>177,360</u>	<u>217,360</u>	<u>208,684</u>	<u>(8,676)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>177,560</u>	<u>217,560</u>	<u>208,778</u>	<u>8,782</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(200)	(200)	(94)	106
<u>FUND BALANCES, BEGINNING</u>				
	<u>200</u>	<u>200</u>	<u>349</u>	<u>149</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 255</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, 2018

	<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	\$ 2,020	\$ 2,520	\$ 2,332	\$ (188)
Federal forest rentals	2,500	3,500	3,568	68
In lieu of taxes	10,325	15,825	13,648	(2,177)
Interest	5	5	16	11
Total revenues	<u>14,850</u>	<u>21,850</u>	<u>19,564</u>	<u>(2,286)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>14,870</u>	<u>21,870</u>	<u>19,573</u>	<u>2,297</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(20)	(20)	(9)	11
<u>FUND BALANCES, BEGINNING</u>				
	<u>20</u>	<u>20</u>	<u>34</u>	<u>14</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 25</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, 2018

	<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	\$ 5,000	\$ 5,000	\$ 7,265	\$ 2,265
Concessions	1,050	1,050	640	(410)
Rental of facilities	4,700	4,700	3,164	(1,536)
Donations	950	950	1,705	755
Sponsors and premium book advertising	12,000	12,000	18,150	6,150
Other	1,050	1,050	2,890	1,840
Intergovernmental (Oregon State)	57,000	57,000	53,167	(3,833)
Property taxes	56,368	56,368	65,114	8,746
Interest	250	250	2,044	1,794
Total revenues	<u>138,368</u>	<u>138,368</u>	<u>154,139</u>	<u>15,771</u>
<u>EXPENDITURES:</u>				
Administrative and non-departmental	31,710	31,710	27,819	3,891
Fair	74,328	74,328	61,718	12,610
Queen and court	2,550	2,550	-	2,550
Multipurpose buildings	4,050	4,050	1,234	2,816
St. Pats event	2,260	2,260	-	2,260
Capital outlay	3,000	3,000	-	3,000
Operating contingency	64,097	64,097	-	64,097
Total expenditures	<u>181,995</u>	<u>181,995</u>	<u>90,771</u>	<u>91,224</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(43,627)</u>	<u>(43,627)</u>	<u>63,368</u>	<u>106,995</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in		-	5,000	5,000
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	-	7,000
Total other financing sources (uses)	<u>(7,000)</u>	<u>(7,000)</u>	<u>5,000</u>	<u>12,000</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(50,627)</u>	<u>(50,627)</u>	<u>68,368</u>	<u>118,995</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>50,627</u>	<u>50,627</u>	<u>94,043</u>	<u>43,416</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,411</u>	<u>\$ 162,411</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 112,000	\$ 112,000	\$ 71,500	\$ (40,500)
Bus receipts and other	2,000	2,000	3,498	1,498
Interest	300	300	354	54
Other	-	-	32,072	32,072
Total revenues	<u>114,300</u>	<u>114,300</u>	<u>107,424</u>	<u>(6,876)</u>
<u>EXPENDITURES:</u>				
Personal services	81,085	81,085	75,946	5,139
Materials and services	77,350	77,350	82,573	(5,223)
Total expenditures	<u>158,435</u>	<u>158,435</u>	<u>158,519</u>	<u>(84)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(44,135)</u>	<u>(44,135)</u>	<u>(51,095)</u>	<u>(6,960)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	30,635	30,635	30,635	-
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u> </u>	<u>7,000</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(20,500)	(20,500)	(20,460)	40
<u>FUND BALANCES, BEGINNING</u>				
	<u>20,500</u>	<u>20,500</u>	<u>39,506</u>	<u>19,006</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,046</u>	<u>\$ 19,046</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 100	\$ 100	\$ 384	\$ 284
Total revenues	<u>100</u>	<u>100</u>	<u>384</u>	<u>284</u>
<u>EXPENDITURES:</u>				
Materials and services	17,600	17,600	-	17,600
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>22,600</u>	<u>22,600</u>	<u>-</u>	<u>22,600</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(22,500)	(22,500)	384	22,884
<u>FUND BALANCES, BEGINNING</u>	<u>22,500</u>	<u>22,500</u>	<u>22,310</u>	<u>(190)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,694</u>	<u>\$ 22,694</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, 2018

	<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	\$ 86,798	\$ 16,398
Interest	120	120	866	746
Total revenues	<u>70,520</u>	<u>70,520</u>	<u>87,664</u>	<u>17,144</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>47,020</u>	<u>47,020</u>	<u>45,213</u>	<u>1,807</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	23,500	23,500	42,451	18,951
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(51,000)</u>	<u>(51,000)</u>	<u>(26,000)</u>	<u>25,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	(27,500)	(27,500)	16,451	43,951
<u>FUND BALANCES, BEGINNING</u>	<u>27,500</u>	<u>27,500</u>	<u>49,970</u>	<u>22,470</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,421</u>	<u>\$ 66,421</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, 2018

	<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	\$ 35,333	\$ 61,782	\$ 60,361	\$ (1,421)
Other	-	-	471	471
Total revenues	<u>35,333</u>	<u>61,782</u>	<u>60,832</u>	<u>(950)</u>
<u>EXPENDITURES:</u>				
Personal services	35,672	88,196	81,425	6,771
Materials and services	861	15,586	6,519	9,067
Total expenditures	<u>36,533</u>	<u>103,782</u>	<u>87,944</u>	<u>15,838</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(1,200)	(42,000)	(27,112)	14,888
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	-	30,000	30,000	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,200)	(12,000)	2,888	14,888
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,200</u>	<u>12,000</u>	<u>14,318</u>	<u>2,318</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,206</u>	<u>\$ 17,206</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, 2018

	<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	\$ 40,000	\$ 40,000	\$ 120,325	\$ 80,325
Interest	-	-	472	472
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>120,797</u>	<u>80,797</u>
<u>EXPENDITURES:</u>				
Willow Creek Fee Distribution	-	-	86,139	(86,139)
	-	-	86,139	(86,139)
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	40,000	40,000	34,658	(5,342)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	-	40,000
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	34,658	34,658
<u>FUND BALANCES, BEGINNING</u>				
	-	-	219	219
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,877</u>	<u>\$ 34,877</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 22,000	\$ 22,000	\$ 7,823	\$ (14,177)
Interest	75	75	250	175
Other	-	-	703	703
Total revenues	<u>22,075</u>	<u>22,075</u>	<u>8,776</u>	<u>(13,299)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>29,575</u>	<u>29,575</u>	<u>25,488</u>	<u>4,087</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(7,500)	(7,500)	(16,712)	(9,212)
<u>FUND BALANCES, BEGINNING</u>				
	<u>7,500</u>	<u>7,500</u>	<u>8,326</u>	<u>826</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,386)</u>	<u>\$ (8,386)</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, 2018

	<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	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Interest	60	60	325	265
Total revenues	<u>7,060</u>	<u>7,060</u>	<u>7,325</u>	<u>265</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>24,360</u>	<u>24,360</u>	<u>1,914</u>	<u>22,446</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(17,300)	(17,300)	5,411	22,711
<u>FUND BALANCES, BEGINNING</u>				
	<u>17,300</u>	<u>17,300</u>	<u>15,134</u>	<u>(2,166)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,545</u>	<u>\$ 20,545</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, 2018

	<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	\$ 7,200	\$ 7,200	\$ 9,015	\$ 1,815
Concessions	12,400	12,400	15,977	3,577
Rodeo entry fees and others	11,000	11,000	4,689	(6,311)
Rodeo sponsor fees	8,700	8,700	6,680	(2,020)
Donations	20,875	20,875	13,175	(7,700)
Other	2,500	2,500	2,000	(500)
Interest	350	350	749	399
Total revenues	<u>63,025</u>	<u>63,025</u>	<u>52,285</u>	<u>(10,740)</u>
<u>EXPENDITURES:</u>				
Materials and services	92,575	92,575	60,787	31,788
Capital outlay	5,000	5,000	-	5,000
Contingency	21,165	21,165	-	21,165
Total expenditures	<u>118,740</u>	<u>118,740</u>	<u>60,787</u>	<u>57,953</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(55,715)</u>	<u>(55,715)</u>	<u>(8,502)</u>	<u>47,213</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	10,000	10,000	10,000	-
<u>NET CHANGE IN FUND BALANCES</u>	<u>(45,715)</u>	<u>(45,715)</u>	<u>1,498</u>	<u>47,213</u>
<u>FUND BALANCES, BEGINNING</u>	<u>45,715</u>	<u>45,715</u>	<u>44,707</u>	<u>(1,008)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,205</u>	<u>\$ 46,205</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines	\$ 415,000	\$ 495,000	\$ 585,976	\$ 90,976
<u>EXPENDITURES:</u>				
Fine turnover	<u>432,763</u>	<u>512,763</u>	<u>587,446</u>	<u>(74,683)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(17,763)	(17,763)	(1,470)	16,293
<u>FUND BALANCES, BEGINNING</u>	<u>17,763</u>	<u>17,763</u>	<u>16,447</u>	<u>(1,316)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,977</u>	<u>\$ 14,977</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, 2018

	<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	\$ 1,150	\$ 1,150	\$ 1,669	\$ 519
Interest	85	85	286	201
Total revenues	<u>1,235</u>	<u>1,235</u>	<u>1,955</u>	<u>720</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>16,235</u>	<u>16,235</u>	-	<u>16,235</u>
Total expenditures	<u>16,235</u>	<u>16,235</u>	-	<u>16,235</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(15,000)	(15,000)	1,955	16,955
<u>FUND BALANCES, BEGINNING</u>				
	<u>15,000</u>	<u>15,000</u>	<u>15,734</u>	<u>734</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,689</u>	<u>\$ 17,689</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, 2018

	<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	\$ 900	\$ (100)
Interest	100	100	450	350
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>1,350</u>	<u>250</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>26,100</u>	<u>26,100</u>	<u>50</u>	<u>26,050</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(25,000)	(25,000)	1,300	26,300
<u>FUND BALANCES, BEGINNING</u>				
	<u>25,000</u>	<u>25,000</u>	<u>26,095</u>	<u>1,095</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,395</u>	<u>\$ 27,395</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Building permit fees	\$ 100,000	\$ 100,000	\$ 142,325	\$ 42,325
Other	-	-	6,299	6,299
Interest	2,750	2,750	9,662	6,912
Total revenues	<u>102,750</u>	<u>102,750</u>	<u>158,286</u>	<u>55,536</u>
<u>EXPENDITURES:</u>				
Materials & Service	180,000	180,000	1,525	178,475
Capital outlay	10,000	10,000	-	10,000
Total Expenditures	<u>190,000</u>	<u>190,000</u>	<u>1,525</u>	<u>188,475</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(87,250)	(87,250)	156,761	244,011
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(334,941)</u>	<u>(334,941)</u>	<u>-</u>	<u>334,941</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(422,191)	(422,191)	156,761	578,952
<u>FUND BALANCES, BEGINNING</u>				
	<u>422,191</u>	<u>422,191</u>	<u>519,177</u>	<u>96,986</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,938</u>	<u>\$ 675,938</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 461,010	\$ 461,010	\$ 383,242	\$ (77,768)
Camping fees and other charges for services	129,860	135,860	241,593	105,733
State apportionment	-	-	115,522	115,522
Interest	800	800	5,156	4,356
Other	6,400	6,400	13,224	6,824
Total revenues	<u>598,070</u>	<u>604,070</u>	<u>758,737</u>	<u>154,667</u>
<u>EXPENDITURES:</u>				
Cutsforth park	139,859	155,259	149,829	5,430
Anson Wright park	52,438	62,238	55,908	6,330
OHV park	400,209	479,359	464,681	14,678
Contingency	35,064	35,064	-	35,064
Total expenditures	<u>627,570</u>	<u>731,920</u>	<u>670,418</u>	<u>61,502</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(29,500)	(127,850)	88,319	216,169
<u>FUND BALANCES, BEGINNING</u>				
	<u>29,500</u>	<u>127,850</u>	<u>346,603</u>	<u>218,753</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,922</u>	<u>\$ 434,922</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, 2018

	<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	\$ 6,500	\$ 11,554	\$ 5,054
Interest	1,050	1,050	2,221	1,171
Total revenues	<u>7,550</u>	<u>7,550</u>	<u>13,775</u>	<u>6,225</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>17,550</u>	<u>17,550</u>	<u>10,748</u>	<u>6,802</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(10,000)	(10,000)	3,027	13,027
<u>FUND BALANCES, BEGINNING</u>	<u>10,000</u>	<u>10,000</u>	<u>601,988</u>	<u>591,988</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,015</u>	<u>\$ 605,015</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 5	\$ 5	\$ 14	\$ 9
Total Revenues	<u>5</u>	<u>5</u>	<u>14</u>	<u>9</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>815</u>	<u>815</u>	<u>-</u>	<u>815</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(810)	(810)	14	824
<u>FUND BALANCES, BEGINNING</u>	<u>810</u>	<u>810</u>	<u>813</u>	<u>3</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ 827</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, 2018

	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>17,258</u>	<u>17,258</u>	<u>6,000</u>	<u>11,258</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(17,258)</u>	<u>(17,258)</u>	<u>(6,000)</u>	<u>11,258</u>
<u>FUND BALANCES, BEGINNING</u>	<u>17,258</u>	<u>17,258</u>	<u>17,258</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,258</u>	<u>\$ 11,258</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 250	\$ 250	\$ 964	\$ 714
Total revenues	<u>250</u>	<u>250</u>	<u>964</u>	<u>714</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>59,850</u>	<u>59,850</u>	<u>-</u>	<u>59,850</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(59,600)	(59,600)	964	60,564
<u>FUND BALANCES, BEGINNING</u>	<u>59,600</u>	<u>59,600</u>	<u>59,839</u>	<u>239</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,803</u>	<u>\$ 60,803</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, 2018

	<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	\$ 8,000	\$ 8,000	\$ 14,007	\$ 6,007
Interest	1,000	1,000	2,417	1,417
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>16,424</u>	<u>7,424</u>
<u>EXPENDITURES:</u>				
Materials and services	109,000	109,000	14,950	94,050
Capital outlay	20,000	20,000	-	20,000
Total expenditures	<u>129,000</u>	<u>129,000</u>	<u>14,950</u>	<u>114,050</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(120,000)	(120,000)	1,474	121,474
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	-	<u>20,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	(140,000)	(140,000)	1,474	141,474
<u>FUND BALANCES, BEGINNING</u>	<u>140,000</u>	<u>140,000</u>	<u>138,437</u>	<u>(1,563)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,911</u>	<u>\$ 139,911</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, 2018

	<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	\$ 50,000	\$ 50,000	\$ 41,048	\$ (8,952)
Interest	100	100	475	375
Total revenues	<u>50,100</u>	<u>50,100</u>	<u>41,523</u>	<u>(8,577)</u>
<u>EXPENDITURES:</u>				
Other requirements		-		-
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	50,100	50,100	41,523	(8,577)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(50,100)</u>	<u>(50,100)</u>	<u>(40,000)</u>	<u>10,100</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	1,523	1,523
<u>FUND BALANCES, BEGINNING</u>				
	-	-	475	475
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,998</u>	<u>\$ 1,998</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, 2018

	<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	\$ 1,370,000	\$ 1,370,000	\$ 1,342,419	\$ (27,581)
Interest	1,000	1,000	11,040	10,040
Total revenues	<u>1,371,000</u>	<u>1,371,000</u>	<u>1,353,459</u>	<u>(17,541)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>27,500</u>	<u>27,500</u>	<u>21,500</u>	<u>6,000</u>
Total expenditures	<u>27,500</u>	<u>27,500</u>	<u>21,500</u>	<u>6,000</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,343,500	1,343,500	1,331,959	(11,541)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(1,638,454)</u>	<u>(1,638,454)</u>	<u>(1,629,590)</u>	<u>8,864</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(294,954)	(294,954)	(297,631)	(2,677)
<u>FUND BALANCES, BEGINNING</u>				
	<u>294,954</u>	<u>294,954</u>	<u>297,911</u>	<u>2,957</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ 280</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, 2018

	<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	\$ 173,298	\$ 173,298	\$ 50,584	\$ (122,714)
Interest	20	20	771	751
Other	-	-	28,144	28,144
Total revenues	<u>173,318</u>	<u>173,318</u>	<u>79,499</u>	<u>(93,819)</u>
<u>EXPENDITURES:</u>				
Materials and services	30,500	30,500	16,899	13,601
Capital outlay	112,163	112,163	41,043	71,120
Total expenditures	<u>142,663</u>	<u>142,663</u>	<u>57,942</u>	<u>84,721</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	30,655	30,655	21,557	(9,098)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	7,000	7,000	-	(7,000)
Transfers out	(41,873)	(41,873)	(30,635)	11,238
Total other financing sources (uses)	<u>(34,873)</u>	<u>(34,873)</u>	<u>(30,635)</u>	<u>4,238</u>
<u>NET CHANGE IN FUND BALANCES</u>	(4,218)	(4,218)	(9,078)	(4,860)
<u>FUND BALANCES, BEGINNING</u>	<u>4,218</u>	<u>4,218</u>	<u>39,464</u>	<u>35,246</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,386</u>	<u>\$ 30,386</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, 2018

	<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	\$ 323,265	\$ 323,265	\$ 670,370	\$ 347,105
Charges for services and other	90,118	90,118	35,298	(54,820)
Interest	600	600	3,461	2,861
Other	500	500	-	(500)
Total revenues	<u>414,483</u>	<u>414,483</u>	<u>709,129</u>	<u>294,646</u>
<u>EXPENDITURES:</u>				
Personal services	405,089	415,089	405,291	9,798
Materials and services	122,892	122,892	121,134	1,758
Contingency	36,502	26,502	-	26,502
Total expenditures	<u>564,483</u>	<u>564,483</u>	<u>526,425</u>	<u>38,058</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(150,000)	(150,000)	182,704	332,704
<u>FUND BALANCES, BEGINNING</u>				
	<u>150,000</u>	<u>150,000</u>	<u>213,105</u>	<u>63,105</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,809</u>	<u>\$ 395,809</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

PGE - Carty
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
PGE - Carty Comm Serv	\$ 1,575,211	\$ 1,575,211	\$ 1,575,211	\$ -
Interest	200	200	746	546
Total revenues	<u>1,575,411</u>	<u>1,575,411</u>	<u>1,575,957</u>	<u>546</u>
<u>EXPENDITURES:</u>				
C.R.E.A.	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,525,411	1,525,411	1,525,957	546
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(1,525,411)</u>	<u>(1,525,411)</u>	<u>(1,525,211)</u>	<u>200</u>
<u>NET CHANGE IN FUND BALANCES</u>	-	-	746	746
<u>FUND BALANCES, BEGINNING</u>	-	-	-	-
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 746</u>	<u>\$ 746</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Non-Major Capital Projects Funds

June 30, 2018

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, 2018

	<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>\$ 377,313</u>	<u>\$ 29,557</u>	<u>\$ 69,915</u>	<u>\$ 5,234</u>	<u>\$ 138,235</u>	<u>\$ 17,806</u>	<u>\$ 56,908</u>	<u>\$ 26,392</u>	<u>\$ 5,629</u>	<u>\$ 218,894</u>	<u>\$ 945,883</u>
Total assets	<u><u>\$ 377,313</u></u>	<u><u>\$ 29,557</u></u>	<u><u>\$ 69,915</u></u>	<u><u>\$ 5,234</u></u>	<u><u>\$ 138,235</u></u>	<u><u>\$ 17,806</u></u>	<u><u>\$ 56,908</u></u>	<u><u>\$ 26,392</u></u>	<u><u>\$ 5,629</u></u>	<u><u>\$ 218,894</u></u>	<u><u>\$ 945,883</u></u>
<u>LIABILITIES AND FUND BALANCES</u>											
<u>LIABILITIES:</u>											
Accounts payable	\$ 94,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,390	\$ -	\$ -	\$ 115,063
<u>FUND BALANCES:</u>											
Committed	<u>282,640</u>	<u>29,557</u>	<u>69,915</u>	<u>5,234</u>	<u>138,235</u>	<u>17,806</u>	<u>56,908</u>	<u>6,002</u>	<u>5,629</u>	<u>218,894</u>	<u>830,820</u>
Total liabilities and fund balances	<u><u>\$ 377,313</u></u>	<u><u>\$ 29,557</u></u>	<u><u>\$ 69,915</u></u>	<u><u>\$ 5,234</u></u>	<u><u>\$ 138,235</u></u>	<u><u>\$ 17,806</u></u>	<u><u>\$ 56,908</u></u>	<u><u>\$ 26,392</u></u>	<u><u>\$ 5,629</u></u>	<u><u>\$ 218,894</u></u>	<u><u>\$ 945,883</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, 2018

	Road Equipment Reserve	Computer Equipment Reserve	Program- ming Reserve	Weed Equipment Reserve	STF Vehicle Reserve	Fair Roof Reserve	Hepppner Admin. Building	Bleacher Reserve	Fair Improve. Reserve	Building Reserve	Totals
<u>REVENUES:</u>											
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 45,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,382
Interest	5,338	821	1,047	94	2,341	301	1,672	447	96	3,443	15,600
Total revenues	5,338	821	1,047	94	47,723	301	1,672	447	96	3,443	60,982
<u>EXPENDITURES</u>											
General government	-	20,735	-	-	-	-	100	-	-	7,102	27,937
Highways and streets	-	-	-	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	20,390	-	-	20,390
Capital outlay	400,051	18,642	-	46,081	4,561	-	-	-	-	22,384	491,719
Debt service	-	-	-	-	-	-	379,895	-	-	-	379,895
Total expenditures	400,051	39,377	-	46,081	4,561	-	379,995	20,390	-	29,486	919,941
<u>EXCESS (DEFICIENCY) OF</u>											
<u>REVENUES OVER (UNDER)</u>											
<u>EXPENDITURES</u>	(394,713)	(38,556)	1,047	(45,987)	43,162	301	(378,323)	(19,943)	96	(26,043)	(858,959)
<u>OTHER FINANCING</u>											
<u>SOURCES:</u>											
Proceeds from asset disposition	37,000	-	-	-	-	-	-	-	-	-	37,000
Transfers in	175,000	15,000	15,000	46,196	-	-	394,000	-	-	50,000	695,196
Total other financing sources	212,000	15,000	15,000	46,196	-	-	394,000	-	-	50,000	732,196
<u>NET CHANGE IN</u>											
<u>FUND BALANCES</u>	(182,713)	(23,556)	16,047	209	43,162	301	15,677	(19,943)	96	23,957	(126,763)
<u>FUND BALANCES, BEGIN.</u>	465,353	53,113	53,868	5,025	95,073	17,505	41,231	25,945	5,533	194,937	957,583
<u>FUND BALANCES, ENDING</u>	\$ 282,640	\$ 29,557	\$ 69,915	\$ 5,234	\$ 138,235	\$ 17,806	\$ 56,908	\$ 6,002	\$ 5,629	\$ 218,894	\$ 830,820

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, 2018

	<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	\$ 5,338	4,688
Total revenues	<u>650</u>	<u>650</u>	<u>5,338</u>	<u>4,688</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>650,495</u>	<u>650,495</u>	<u>363,051</u>	<u>287,444</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(649,845)	(649,845)	(357,713)	292,132
<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>				
	(474,845)	(474,845)	(182,713)	292,132
<u>FUND BALANCES, BEGINNING</u>				
	<u>474,845</u>	<u>474,845</u>	<u>465,353</u>	<u>(9,492)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,640</u>	<u>\$ 282,640</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, 2018

	<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	\$ 821	\$ 671
<u>EXPENDITURES:</u>				
Capital outlay	52,700	52,700	39,377	13,323
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(52,550)	(52,550)	(38,556)	13,994
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	15,000	15,000	15,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(37,550)	(37,550)	(23,556)	13,994
<u>FUND BALANCES, BEGINNING</u>	37,550	37,550	53,113	15,563
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,557</u>	<u>\$ 29,557</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 100	\$ 100	\$ 1,047	\$ 947
<u>EXPENDITURES:</u>				
Capital outlay	65,103	53,500	-	53,500
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(65,003)	(53,400)	1,047	54,447
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	15,000	15,000	15,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(50,003)	(38,400)	16,047	54,447
<u>FUND BALANCES, BEGINNING</u>	50,003	38,400	53,868	15,468
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 69,915	\$ 69,915

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, 2018

	<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	\$ 94	\$ (56)
<u>EXPENDITURES:</u>				
Capital outlay	51,346	51,346	46,081	5,265
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(51,196)	(51,196)	(45,987)	5,209
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	15,252	15,252	46,196	30,944
<u>NET CHANGE IN FUND BALANCES</u>	(35,944)	(35,944)	209	36,153
<u>FUND BALANCES, BEGINNING</u>	35,944	35,944	5,025	(30,919)
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,234</u>	<u>\$ 5,234</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, 2018

	<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	\$ -	\$ -	\$ 42,541	\$ 42,541
Miscellaneous	-	-	2,841	2,841
Interest	550	550	2,341	1,791
Total revenues	<u>550</u>	<u>550</u>	<u>47,723</u>	<u>47,173</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>136,550</u>	<u>136,550</u>	<u>4,561</u>	<u>131,989</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(136,000)	(136,000)	43,162	179,162
<u>FUND BALANCES, BEGINNING</u>				
	<u>136,000</u>	<u>136,000</u>	<u>95,073</u>	<u>(40,927)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,235</u>	<u>\$ 138,235</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, 2018

	<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>\$ 301</u>	<u>\$ 236</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>19,565</u>	<u>19,565</u>	<u>-</u>	<u>19,565</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(19,500)</u>	<u>(19,500)</u>	<u>301</u>	<u>19,801</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>301</u>	<u>17,801</u>
<u>FUND BALANCES, BEGINNING</u>	<u>17,500</u>	<u>17,500</u>	<u>17,505</u>	<u>5</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,806</u>	<u>\$ 17,806</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ 1,672	\$ 1,672
Total revenues	-	-	1,672	1,672
<u>EXPENDITURES:</u>				
Debt service	394,000	394,000	379,995	14,005
Total expenditures	394,000	394,000	379,995	14,005
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(394,000)	(394,000)	(378,323)	15,677
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	394,000	394,000	394,000	-
Total other financing sources	394,000	394,000	394,000	-
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	15,677	15,677
<u>FUND BALANCES, BEGINNING</u>				
	-	-	41,231	41,231
<u>FUND BALANCES, ENDING</u>				
	\$ -	\$ -	\$ 56,908	\$ 56,908

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, 2018

	<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>\$ 447</u>	<u>\$ 247</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>26,046</u>	<u>26,046</u>	<u>20,390</u>	<u>5,656</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(25,846)</u>	<u>(25,846)</u>	<u>(19,943)</u>	<u>5,903</u>
<u>FUND BALANCES, BEGINNING</u>	<u>25,846</u>	<u>25,846</u>	<u>25,945</u>	<u>99</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,002</u>	<u>\$ 6,002</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, 2018

	<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	\$ 96	\$ 86
<u>EXPENDITURES:</u>				
Capital outlay	10,535	10,535	-	10,535
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(10,525)	(10,525)	96	10,621
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	-	(5,000)
<u>NET CHANGE IN FUND BALANCES</u>				
	(5,525)	(5,525)	96	5,621
<u>FUND BALANCES, BEGINNING</u>				
	5,525	5,525	5,533	8
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,629</u>	<u>\$ 5,629</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, 2018

	<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	\$ 3,443	\$ 2,843
<u>EXPENDITURES</u>				
Capital outlay	206,100	206,100	29,486	176,614
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(205,500)	(205,500)	(26,043)	179,457
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	50,000	50,000	50,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(155,500)	(155,500)	23,957	179,457
<u>FUND BALANCES, BEGINNING</u>	155,500	155,500	194,937	39,437
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,894</u>	<u>\$ 218,894</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Other Schedules
June 30, 2018

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, 2018

	ASSETS			LIABILITIES AND FUND EQUITY		
	Cash and Investments	Taxes Receivable	Total	Payable to Other Agencies	Fund Balance	Total
<u>AGENCY FUNDS:</u>						
Property taxes	\$ -	\$ 1,076,902	\$ 1,076,902	\$ 1,076,902	\$ -	\$ 1,076,902
Assessments and taxation	16,562	-	16,562	16,562	-	16,562
Treasurer's account	1,099	-	1,099	1,099	-	1,099
Morrow Co. medical fund	12,762	-	12,762	12,762	-	12,762
Other districts, general	19,855	-	19,855	19,855	-	19,855
Other districts, debt service	9,576	-	9,576	9,576	-	9,576
Fire districts, general	730,904	-	730,904	730,904	-	730,904
Cemetery districts	115,830	-	115,830	115,830	-	115,830
Park districts	8,014	-	8,014	8,014	-	8,014
Water control districts	70	-	70	70	-	70
School districts, general	75,191	-	75,191	75,191	-	75,191
School districts, debt service	126,016	-	126,016	126,016	-	126,016
Morrow County Unified Recreation	424,645	-	424,645	424,645	-	424,645
North Morrow vector control	2,968	-	2,968	2,968	-	2,968
Ione-Lex Perpetual	25,845	-	25,845	25,845	-	25,845
Finley buttes landfill	1,203,402	-	1,203,402	1,203,402	-	1,203,402
Library district	54,601	-	54,601	54,601	-	54,601
Other	52,082	-	52,082	52,082	-	52,082
Mobile home ombudsman	40	-	40	40	-	40
Total	<u>\$ 2,879,462</u>	<u>\$ 1,076,902</u>	<u>\$ 3,956,364</u>	<u>\$ 3,956,364</u>	<u>\$ -</u>	<u>\$ 3,956,364</u>

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, 2018

	Cash and Investments <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	Cash and Investments <u>June 30, 2018</u>
<u>AGENCY FUNDS:</u>				
Property taxes	\$ -	\$ 31,385,179	\$ 31,385,179	\$ -
Assessments and taxation	16,141	76,863	76,442	16,562
Treasurer's account	1,081	18	-	1,099
Morrow Co. Health District	4,662	1,916,645	1,908,545	12,762
Other districts, general	6,371	2,716,677	2,703,193	19,855
Other districts, debt service	6,388	673,606	670,418	9,576
Fire districts, general	609,857	1,612,524	1,491,477	730,904
Cemetery districts	101,130	177,810	163,110	115,830
Library districts	36,740	512,511	494,650	54,601
Park districts	2,215	1,171,510	1,165,711	8,014
Water control districts	20	9,454	9,404	70
School districts, general	27,872	10,378,265	10,330,946	75,191
School districts, debt service	252,687	2,522,934	2,649,605	126,016
Morrow County Unified Recreation	309,951	984,694	870,000	424,645
North Morrow vector control	1,110	436,722	434,864	2,968
Ione-Lex Perpetual	25,657	188	-	25,845
Finley buttes landfill	1,183,030	20,372	-	1,203,402
Other	38,609	1,005,702	992,229	52,082
Mobile home ombudsman	13	5,568	5,541	40
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 2,623,534</u>	<u>\$ 55,607,242</u>	<u>\$ 55,351,314</u>	<u>\$ 2,879,462</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Accountability -- County Treasurer

Cash Transactions

Year Ended June 30, 2018

<u>COUNTY FUNDS:</u>	Cash Balance June 30, 2017	Receipts	Disbursements	Cash Balance June 30, 2018
General	\$ 7,135,564	\$ 13,561,410	\$ 15,450,924	\$ 5,246,050
Heritage	17,403	296	216	17,483
Road Fund Equipment	465,353	180,338	268,377	377,314
General Road	1,272,283	7,258,466	6,045,531	2,485,218
Finley Buttes Road	11,829	416,085	200,000	227,914
Juvenile Services Commission	66,158	-	-	66,158
Airport	19,857	705,426	509,514	215,769
Law Library	32,081	8,523	8,540	32,064
911 Emergency Telephone	61,972	299,621	221,109	140,484
Surveyor Preservation	216,635	17,654	28,931	205,358
Finley Buttes license fee	663	1,657,079	1,296,983	360,759
County School	64	208,901	208,778	187
Ione School	6	19,584	19,572	18
Fair	102,288	163,181	101,387	164,082
Computer Equipment Reserve	53,113	15,821	39,377	29,557
Special Transportation	43,920	149,144	156,102	36,962
Programming Reserve	53,868	16,046	-	69,915
Alcohol Enforcement	22,310	563	179	22,694
Video Lottery	49,970	87,664	71,213	66,421
Victim/Witness Assistance	18,441	88,387	90,514	16,314
Willow Creek Wind	219	125,714	91,056	34,877
CAMI Grant	24,523	39,566	28,849	35,240
Weed Equipment Reserve	5,025	46,289	46,080	5,234
STF Vehicle Reserve	136,448	47,723	45,936	138,235
Roof Reserve	17,505	301	-	17,806
Heppner Admin Building	41,231	395,672	379,995	56,908
Safety committee	16,109	7,390	2,954	20,545
Bleacher Reserve	25,945	447	-	26,392
Rodeo	45,947	62,285	61,878	46,354
Justice Court	65,229	614,524	616,092	63,661
Clerks Records	15,656	2,030	9	17,677
DUII Impact	26,108	1,350	13	27,445
Fair Improvement Reserve	5,533	96	-	5,629
Building Permit Fees	488,094	151,688	1,525	638,257
Park	227,266	810,605	650,530	387,341
Equity	95,795	91,636	102,000	85,431
Building Reserve	201,637	53,443	36,186	218,894
Liquor Control	813	14	-	827
Water Planning	17,258	-	6,000	11,258
Forest Service	59,839	964	-	60,803
Court Security	144,461	15,442	21,104	138,799
Echo Wind Fees	475	103,745	102,222	1,998
Shepherds Flat Fees	297,911	1,732,805	2,030,436	280
STO Operating Grant	30,798	132,398	129,587	33,609
Community Corrections	247,894	594,923	529,456	313,361
PGE - Carty	-	2,154,145	2,153,399	746
Total County Funds	11,881,497	32,039,384	31,752,554	12,168,328
<u>AGENCY FUNDS</u>	2,623,534	55,607,242	55,351,314	2,879,462
County Treasurer Totals	\$ 14,505,031	\$ 87,646,626	\$ 87,103,868	\$ 15,047,790

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Accountability -- Other Elected Officials

Cash Transactions

Year Ended June 30, 2018

	<u>Sheriff</u>
<u>CASH BALANCE, JUNE 30, 2017</u>	<u>\$ 1,825</u>
<u>CASH RECEIPTS</u>	<u>60,800</u>
<u>CASH DISBURSEMENTS:</u>	
Turnover to County Treasurer	<u>60,367</u>
<u>CASH BALANCE, JUNE 30, 2018</u>	<u><u>\$ 2,258</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Cash and Investments
June 30, 2018

County Treasurer	\$ 15,047,790
Other elected officials	2,258
Cash on hand, various funds	<u>1,829</u>
Total cash and investments	<u><u>\$ 15,051,877</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Property Tax Transactions and Outstanding Balances
Year Ended June 30, 2018

<u>Fiscal Year</u>	<u>Property Taxes Receivable July 1, 2017</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, 2018</u>
2017-18	\$ -	\$ 32,086,762	\$ (867,737)	\$ (46,180)	\$ (30,179,866)	\$ 992,979
2016-17	568,950	-	-	(3,460)	(304,756)	260,734
2015-16	242,858	-	-	(1,354)	(109,230)	132,274
2014-15	132,449	-	-	(1,476)	(71,757)	59,216
2013-14	68,309	-	-	(1,483)	(63,277)	3,549
2012-13	2,743	-	-	(787)	(212)	1,744
2011-12	2,094	-	-	(444)	-	1,650
Prior years	4,018	-	-	-	(754)	3,264
	<u>\$ 1,021,421</u>	<u>\$ 32,086,762</u>	<u>\$ (867,737)</u>	<u>\$ (55,184)</u>	<u>\$ (30,729,852)</u>	<u>\$ 1,455,410</u>

County Summary:

County Operations	\$ 261,059	\$ 8,313,201	\$ (224,818)	\$ (4,886)	\$ (7,966,048)	\$ 378,508
Agency Funds	760,362	23,773,561	(642,919)	(50,298)	(22,763,804)	1,076,902
	<u>\$ 1,021,421</u>	<u>\$ 32,086,762</u>	<u>\$ (867,737)</u>	<u>\$ (55,184)</u>	<u>\$ (30,729,852)</u>	<u>\$ 1,455,410</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Property Taxes Receivable -- By Fund
June 30, 2018

General fund	\$ 374,206
County school fund	1,127
Ione school fund	110
Fair fund	<u>3,065</u>
Sub-total	378,508
Agency funds	<u>1,076,902</u>
Total	<u><u>\$ 1,455,410</u></u>

See accompanying independent auditor's report.

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

**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, 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, 2018, 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 January 3, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questions costs that we consider to be significant deficiencies. [Finding 2018-1]

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*.

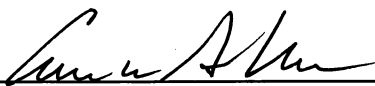
Morrow County, Oregon's Response to Findings

Morrow County, Oregon's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Morrow County, Oregon's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 3, 2019

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.

BARNETT & MORO, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

495 E. Main
Hermiston, OR 97838
(541) 567-5215
(541) 567-0497 Fax

DENNIS L. BARNETT, C.P.A.
KRISTIE L. SHASTEEN, C.P.A.
CAMERON W. ANDERSON, C.P.A.
RICHARD L. STODDARD, C.P.A.
BETSY J. BENNETT, C.P.A.
PAUL A. BARNETT, C.P.A.
REBECCA K. RAMOS BAUTISTA, C.P.A.
MITCHELL L. BOYLAN, C.P.A.

GERALD J. MORO, C.P.A. EMERITUS

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, 2018, and have issued our report thereon dated January 3, 2019. 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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and questions costs that we consider to be significant deficiencies. [Finding 2018-1]

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
January 3, 2019

SINGLE AUDIT SECTION

MORROW COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

<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		\$ 167,273
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Crime victim assistance	16.575		\$ 40,992
<u>U.S. DEPARTMENT OF ENERGY:</u>			
Office of environmental waste processing	81.104		\$ 21,600
<u>U.S. DEPARTMENT OF VETERAN AFFAIRS</u>			
Grants for Transportation in Highly Rural Areas	64.035		\$ 32,072
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Oregon Health Authority:			
Public health emergency preparedness	93.069		\$ 72,651
HIV prevention activities health department	93.940		396
Block grants for community mental health services	93.958		22,803
Family planning services	93.217		20,359
MCH block grant	93.994		21,643
National tobacco control program	93.505		85
National bioterrorism hospital preparedness program	93.889		1,500
SAPT Block Grant	93.959		27,066
			<u>166,503</u>
Oregon Department of Justice:			
Child support enforcement	93.563		59,598
			<u>\$ 226,101</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Airport Improvement Program	20.106		\$ 217,001
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>			
Payment in Lieu of Taxes	15.226	X	\$ 376,464
			<u>\$ 1,081,503</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, 2018

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.

BARNETT & MORO, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

495 E. Main
Hermiston, OR 97838
(541) 567-5215
(541) 567-0497 Fax

DENNIS L. BARNETT, C.P.A.
KRISTIE L. SHASTEEN, C.P.A.
CAMERON W. ANDERSON, C.P.A.
RICHARD L. STODDARD, C.P.A.
BETSY J. BENNETT, C.P.A.
PAUL A. BARNETT, C.P.A.
REBECCA K. RAMOS BAUTISTA, C.P.A.
MITCHELL L. BOYLAN, C.P.A.

GERALD J. MORO, C.P.A. EMERITUS

**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, 2018. 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, 2018.

Report on Internal Control Over Compliance

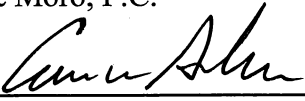
Management of Morrow County, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Morrow County, Oregon's internal control over 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
January 3, 2019

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

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? X yes 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

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

Section II-Financial Statement Findings

Finding 2018-1

Good accounting controls require proper review of the bank reconciliation process. All bank and investment accounts appear to have been reconciled in a timely fashion, but not all account reconciliations were reviewed by a second party.

We recommend that all bank and investment account reconciliations be reviewed in a timely fashion after the reconciliation process has occurred.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs for the year ended June 30, 2018.

MORROW COUNTY, OREGON

Corrective Action Plan

Year Ended June 30, 2018

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Katherine Knop, Finance Director
P. O. Box 867
Heppner, OR 97836
Telephone: 541-676-9061

CORRECTIVE ACTION PLAN:

Finding 2018-1

All bank and investment account reconciliations should be reviewed in a timely fashion after the reconciliation process has occurred.

CORRECTIVE ACTION PLANNED OR TAKEN:

Every month the bank and investment account reconciliations will be reviewed by an individual within management who did not prepare the reconciliation.

ANTICIPATED COMPLETION DATE OF ALL CORRECTIVE ACTIONS:

February 15, 2019

MORROW COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2018

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2017.

FINDINGS:

There were no findings for the year ended June 30, 2017.