

MORROW COUNTY, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2016

MORROW COUNTY, OREGON

List of Officials
June 30, 2016

COMMISSIONERS:

Terry K. Tallman

Leann Rea

Don Russell

TITLE:

County Judge

Commissioner

Commissioner

OTHER ELECTED OFFICIALS:

Michael Gorman

Bobbi Childers

Ken Matlack

Gayle Gutierrez

Ann Spicer

Stephen K. Haddock

Assessor

Clerk

Sheriff

Treasurer

Justice of the Peace

Surveyor

FINANCE DEPARTMENT:

Katherine Knop

Finance Director

ADDRESS:

Courthouse

P. O. Box 867

Heppner, OR 97836

Telephone: 541-676-9061

MORROW COUNTY, OREGON

Contents
June 30, 2016

	<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
Statement of Fiduciary Net Position - Agency Funds	30
Notes to basic financial statements	31-53
Required Supplementary Information	54-58
Other Supplementary Information:	
Non-major Governmental Funds:	
Non-major Governmental Funds	60
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62
Non-major Special Revenue Funds:	
Non-major Special Revenue Funds	63-64
Combining Balance Sheet	65-68

MORROW COUNTY, OREGON

Contents
June 30, 2016

	<u>Page</u>
Supplementary Information (continued):	
Non-major Special Revenue Funds (continued):	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69-72
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual:	
Heritage fund	73
Finley Buttes license fee fund	74
Commission on children/families fund	75
Airport fund	76
Law library fund	77
911 emergency telephone fund	78
Surveyor preservation fund	79
Finely Buttes License Fee fund	80
County school fund	81
Ione school fund	82
Fair fund	83
Special transportation fund	84
Alcohol enforcement fund	85
Video lottery economic development fund	86
Victim-witness assistance fund	87
Willow Creek wind fund	88
Cami grant fund	89
Safety committee fund	90
Rodeo fund	91
Justice court bail and fine fund	92
Clerks records fund	93
DUII impact fund	94
Building permit fees fund	95
Park Fund	96
Equity fund	97
Liquor control fund	98
Water planning fund	99
Forest service fund	100
Court security fund	101
Echo Wind fees fund	102
Shepherd Flat fees fund	103
STO Operating fund	104
Community Corrections fund	105

MORROW COUNTY, OREGON

Contents June 30, 2016

	<u>Page</u>
Supplementary Information (continued):	
Non-major Capital Project Funds:	
Non-major Capital Project Funds	106
Combining Balance Sheet	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual:	
Road equipment reserve fund	109
Computer equipment reserve fund	110
Programming reserve fund	111
STF vehicle reserve fund	112
Fair roof reserve fund	113
Heppner Administrative Building fund	114
Bleacher reserve fund	115
Fair improvement reserve fund	116
Building reserve fund	117
Other Schedules:	118
Other Schedules	
Agency Funds:	
Combining statement of assets and liabilities, arising from cash transactions	119
Combining statement of receipts, expenditures, and changes in cash, arising from cash transactions	120
Schedules of Accountability:	
County treasurer	121
Other elected officials	122
Schedule of cash and investments	123
Property taxes:	
Schedule of property tax transactions and outstanding balance	124
Schedule of property tax receivable - by fund	125

MORROW COUNTY, OREGON

Contents
June 30, 2016

	<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	127-128
State regulations introduction	129
Report required by Oregon State Regulations	130-131
Single audit section:	
Schedule of expenditures of federal awards	133
Notes to schedule of expenditures of federal awards	134
Report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.	135-136
Schedule of findings and questioned costs	137
Summary schedule of prior year's audit findings	138

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Independent Auditors' Report

County Commissioners
Morrow County
Heppner, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and General Road Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2017, on our consideration of Morrow County, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Morrow County, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 3, 2017, on our consideration of Morrow County, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By:  _____

Cameron W. Anderson, Shareholder

February 3, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORROW COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Morrow County, Oregon, we offer readers of the county's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Morrow County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016, by \$87,640,261 (Net Position). Of this amount, \$2,989,728 may be used to meet the County's ongoing obligations to citizens and creditors.
- The total net position decreased by \$1,054,113 for fiscal year ended June 30, 2016. Of this amount \$1,054,113 was due to the decrease in governmental activities net position. The County had no business-type activities in fiscal year 2015 due to the dissolution of business-type activities in fiscal year 2008.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,238,012, an increase of \$2,317,533 in comparison to the prior year. Approximately \$6,421,183 is restricted or committed for purposes designated by special revenue or reserve funds, and \$5,816,829 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 \$5,822,347 or 55 % 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 44 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 23 through 26 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 2016. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$87.6 million at June 30, 2016.

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 86.34 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 (10.13 percent), pension obligations (69.69 percent), and capital leases and a loan payable (20.18 percent). Current liabilities, not including current portions of long-term debts, represents about 10.13 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

	June 30, 2016	June 30, 2015
Current assets	\$ 13,368	\$ 11,352
Capital assets	84,461	86,247
Total assets	97,829	97,599
Deferred outflows of resources	3,718	1,556
Current liabilities	1,405	2,031
Long-term debt	12,468	7,201
Total liabilities	13,873	9,232
Deferred inflows of resources	34	1,229
Net position:		
Net investment in capital assets	81,661	84,442
Restricted	2,989	2,718
Unrestricted	2,990	1,534
	\$ 87,640	\$ 88,694

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 \$1,054,113. This was due to the decrease in net position from Governmental activities. The primary increase to Assets was \$1,696,335 in cash and cash investments. As of June 30, 2016, the total bank balances were \$613,047. Of these deposits, \$500,000, was covered by federal depository insurance. The County saw a decrease in capitals assets, construction in progress of \$2,440,292, as the Bartholomew building was completed and depreciation began. The net result of the transaction regarding capital assets resulted in increasing net position by \$479,684. The County saw an increase in long term debt for the 15-16 fiscal year. The net result of the County's debt transactions was an increase in long term debt of \$995,726. 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, 2016 is \$2,460,530. Other transactions contributing to the decrease in net position included accruing the County's net pension obligation during the fiscal year ended June 30, 2016 of \$3,907,247. The net result of these transactions resulted in a \$1,054,113 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 \$1,054,113, compared to a \$374,671 increase in the prior year.

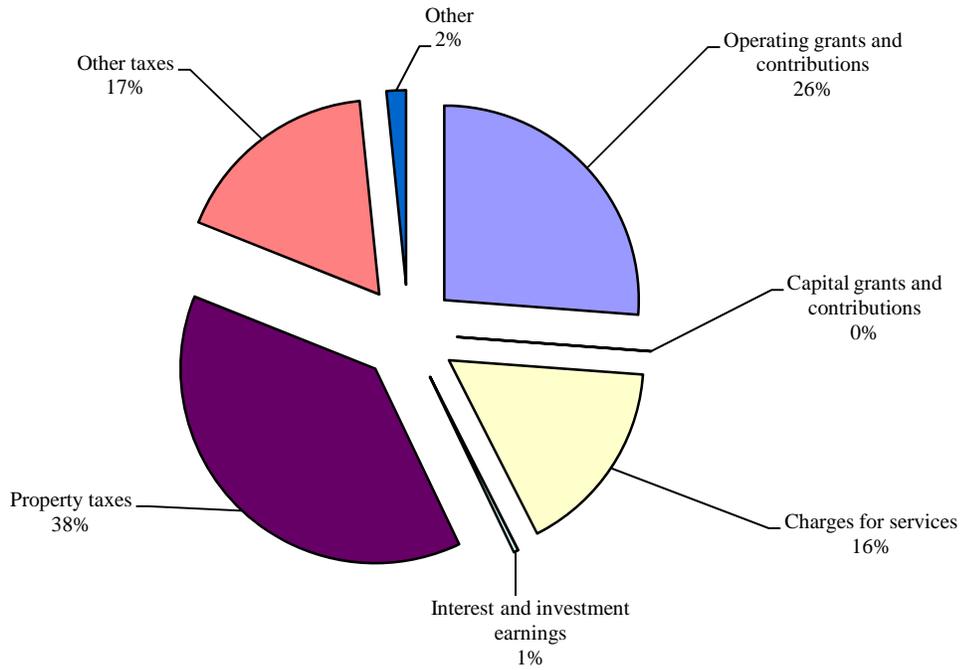
Morrow County Changes in Net Position-Governmental Activities

	2015-2016	2014-2015
Revenues		
Program revenues		
Charges for services	\$3,406,499	\$ 3,974,174
Operating grants and contributions	5,464,744	2,628,353
Capital grants and contributions	-	26,100
General revenues		
Property taxes	7,958,151	6,912,351
Payments in lieu of taxes	2,487,158	2,617,493
State shared taxes	1,133,932	1,083,888
Interest and investment earnings	81,254	56,345
Other revenues, net	348,779	1,541,728
Gain (Loss) on disposal	<u>(14,296)</u>	<u>(57,852)</u>
Total revenues	<u>20,866,221</u>	<u>18,782,581</u>
Expenses		
General government	6,393,338	4,372,736
Public safety	5,321,099	4,753,017
Highways and streets	7,643,125	7,215,285
Cultural and recreation	995,222	721,769
Education	209,278	177,882
Health	1,318,097	1,139,977
Interest on long-term debt	<u>40,175</u>	<u>27,244</u>
Total expenses	<u>21,920,334</u>	<u>18,407,910</u>
Decrease in net assets before transfer	(1,054,113)	(374,671)
Transfers	-	-
Change in net position	<u>(1,054,113)</u>	<u>374,671</u>
Beginning net position	88,694,374	94,806,253
Prior period adjustment	-	<u>(6,486,550)</u>
Beginning net position, as restated	<u>88,694,374</u>	<u>88,319,703</u>
Ending net position	<u>\$ 87,640,261</u>	<u>\$ 88,694,374</u>

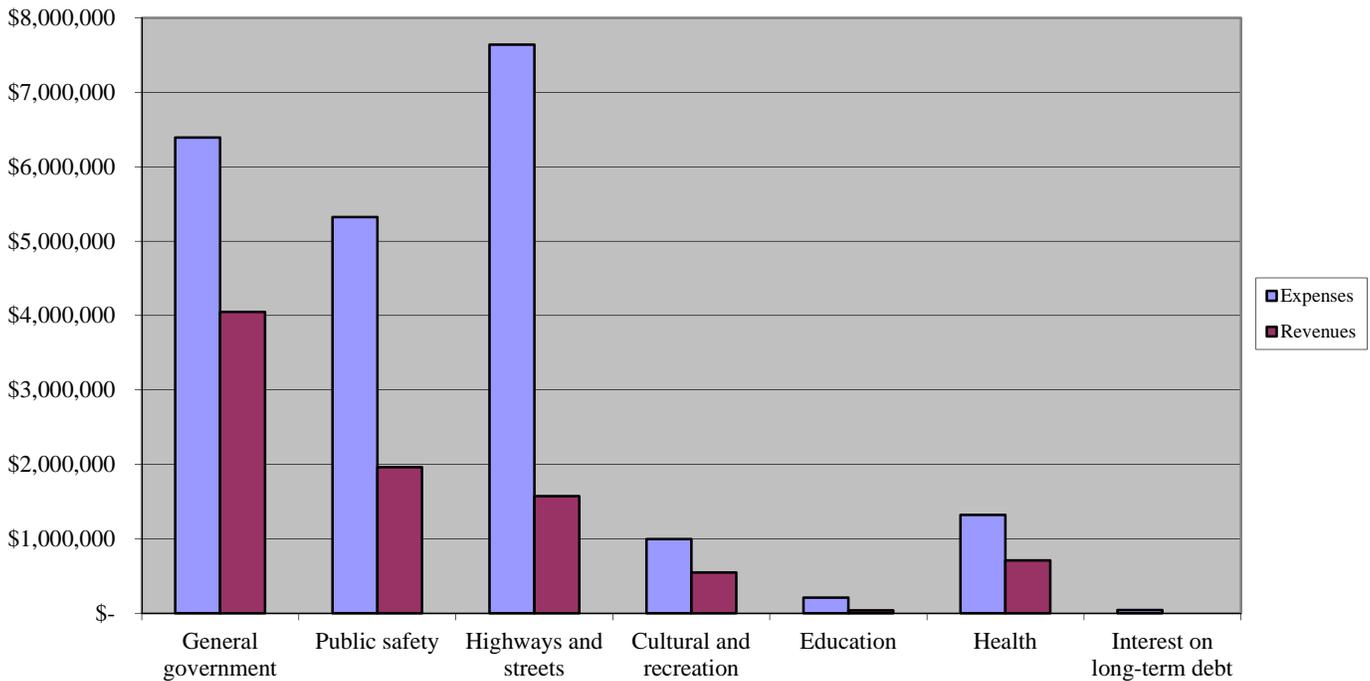
The following graphs show the County's Governmental Activity revenues by source; and expenses and program revenues by functions.

MORROW COUNTY, OREGON
 MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,238,012, an increase of \$2,317,533 in comparison with the prior year. Approximately 47.53% or \$5,816,829 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. \$6,421,183 or 52.47% 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 \$5,822,347, all of which was unassigned. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund increased by \$1,453,556 during the fiscal year ended June 30, 2016. The primary factor in this increase was an unanticipated increase in property tax revenues for 2015 – 2016 due to an enterprise zone taxpayer's failure to file for their exemption, resulting in greater assessed taxable value for 15-16. This is likely an anomaly and not an item to be expected in future years. The budgeted decrease for the fund balance in 2016-2017 is \$134,729. This is less of a concern than in years past as the General fund has carried over significantly more fund balance from the previous year than in prior years.

Budgetary Highlights

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

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

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

- The General Fund budget for the Veterans Services Officer was increased by \$1,550 from the receipt of additional property tax revenues.
- The General Fund budget for the District Attorney was increased by \$8,870 from the receipt of additional property tax revenues.
- The General Fund budget for the Juvenile Department was increased by \$6,800 from the receipt of additional property tax revenues.
- The General Fund budget for the Sheriff Department was increased by \$31,581 from the receipt of other miscellaneous.
- The General Fund budget for the Health Department was increased by \$82,315 due to additional grant funds, and other miscellaneous revenues.
- The General Fund budget for the Public Works Administration and General Maintenance Departments was increased in the amount of \$18,635 from the receipt of additional property tax revenue and fees/charges for services.
- The General Fund budget for the Transfer Station-North was increased by \$17,000 due to the receipt of additional fees/charges for services.
- The General Fund budget for the Transfer Station-South was increased by \$20,000 due to the receipt of additional fees/charges for services.
- The General Fund budget for Transfers to Other Funds was increased by \$15,000 due to the receipt of additional payments in lieu of taxes and miscellaneous revenues.
- The General Fund Non Departmental Special Payments budget increased by \$1,350,725 as a result of funds received from Oregon Health Authority passed thru to Community Counseling Solutions for the Intergovernmental Agreement financing of Community Additions and Mental Health. The IGA Agreement #147799 is for the 2015-17 Biennium.
- The Road Fund Road Department budget was increased by \$450,000 from the receipt of additional grant funds and fees.
- The Road Fund Weed Department budget was increased by \$25,944 due to the receipt of additional fees/charges for services.
- The Airport Fund Materials & Services Budget was increased by \$15,000 due to the receipt of additional fees/charges for services.
- The CAMI Grant Fund Materials & Services budget increased by \$68,247 as a result of a turnover of unspent funds.
- The STF Fund was increased by \$63,500 as a result of grants in excess of State STF Funds.
- Park Fund budget was increased by \$193,450 as a result of increased grant funds and fee revenues received.
- The Justice Court Bails & Fines Fund budget was increased by \$10,440 due to larger than anticipated carryover of beginning fund balance from the prior year
- The Community Corrections Fund budget was increased by \$28,950 as a result of increased grant funds and fee revenues received.

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, 2016, amounts to \$84,461,207 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, vehicles, and campsites and trails.

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

- Sheriff Department vehicles of \$232,269
- Public Works Ford F550 \$15,000
- North Transfer Station WIP Scale \$3,500
- General County Vehicles \$116,748
- Timekeeping Software \$3,350
- Courthouse Improvements/Upgrades \$70,039
- Road – Bridges \$123,806
- Road – 5000 gallon tank \$4,088
- 911 Dispatch – Furniture \$75,723
- 911 Dispatch – IP Logging Equipment \$71,622
- Fair – Bleachers \$17,989
- Computer – Server \$12,269
- STF – Vehicles \$70,572
- Heppner Administrative Building completed 11/2015 - \$1,341,542

Additional information on the County's capital assets can be found in note 4 on page 41 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$2,800,178. 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 increased by \$995,726 during the current fiscal year.

Additional information on the County's long-term debt can be found in note 5 on page 42 of this report.

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.

MORROW COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

These projects have created several hundred jobs for the County but unfortunately the residential and commercial development has not increased as much. The Columbia River Enterprise Zone Board has been recently working the communities of Morrow County to try and develop a strategy to entice more residential and commercial development. PGE is expected to close the Boardman Coal Plant in 2020, but the Carty I plant went live on July 28, 2016: SIP funds will be received in 2017-18 in the amount of \$2,075,211. The new gas plant has a 15 year SIP exemption.

- The overall grant revenue outlook is relatively flat or slightly decreased due to state budget uncertainty and the overall economy. The County lost the Healthy Start Grant as of December 31, 2016; annual total \$56,950.
- The 2016-2017 fiscal year the County will see the fourth significant payment of Strategic Investment Program (SIP) monies from the Caithness/Shepherds Flat Wind Project. The 2016-2017 budget includes an estimated receipt of \$1,308,800 for this payment which will be used to fund some capital projects within the County.
- It is anticipated that the costs of providing cost of living wage increases to be 2.75%, and medical & dental insurance coverage to employees will continue to rise, by approximately 8-10% in the next fiscal year.
- The County's Retirement Plan must continue to be "equal to or better" than the PERS plan to remain in effect. The Plan was tested in 2009-2010 and passed the "equal to or better" standard. Retirement Plan contributions by the County will be at 24.8% for the 2016-2017 fiscal year. The contribution rate for 2017-2018 may increase slightly to mitigate Net Pension Liability.
- Road funding continues to be a concern for Morrow County. In an effort to continue to provide the Road Department with sufficient funds and cover general operation of the department, the 2015-2016 budget included several transfers to the Road Fund of unrestricted, non-property tax monies. The 2015-2016 budget included a transfer of \$1,455,000 from the Finley Buttes License Fee Fund, a transfer of \$612,000 of Strategic Investment Program (SIP) monies from the Shepherds Flat Fees Fund and a transfer of \$775,000 of other non-property tax unrestricted monies from the General Fund. The transfers for 2016-17 budget will probably remain at or near the same.

All of these factors were considered in preparing the County's budget for fiscal year 2016-2017. During the current fiscal year, unassigned fund balance in the General Fund increased to \$5,822,347.

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, 2016

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and investments	\$ 11,372,427
Receivables (net of allowance for uncollectibles):	
Property taxes	203,478
Other receivables	1,792,405
Capital assets:	
Land	2,441,593
Other capital assets (net of accumulated depreciation)	<u>82,019,614</u>
Total assets	<u>97,829,517</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pension deferrals	<u>3,718,438</u>
<u>LIABILITIES:</u>	
Accounts payable	690,898
Accrued payroll and payroll taxes payable	268,304
Compensated absences	444,720
Due to other entities	1,637
Net pension liability	9,668,087
Non current liabilities:	
Long-term debt, due within one year	407,826
Long-term debt, due in more than one year	<u>2,392,352</u>
Total liabilities	<u>13,873,824</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Pension deferrals	<u>33,870</u>
<u>NET POSITION:</u>	
Net investment in capital assets	81,661,029
Restricted for:	
Highways and streets	2,356,399
Public safety	515,854
Education	765
Other restrictions	116,486
Unrestricted	<u>2,989,728</u>
Total net position	<u>\$ 87,640,261</u>

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

MORROW COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 6,393,338	\$ 1,658,277	\$ 2,388,854	\$ -	\$ (2,346,207)
Public safety	5,321,099	762,856	1,199,140	-	(3,359,103)
Highways and streets	7,643,125	544,744	1,029,001	-	(6,069,380)
Cultural and recreation	995,222	331,463	212,596	-	(451,163)
Education	209,278	-	36,403	-	(172,875)
Health	1,318,097	109,159	598,750	-	(610,188)
Interest on long-term debt	40,175	-	-	-	(40,175)
Total governmental activities	<u>\$ 21,920,334</u>	<u>\$ 3,406,499</u>	<u>\$ 5,464,744</u>	<u>\$ -</u>	<u>\$ (13,049,091)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	7,958,151
Payments in lieu of taxes	2,487,158
State shared taxes	1,133,932
Interest and investment earnings	81,254
Other revenues	334,483
Total general revenues	<u>11,994,978</u>
Change in net position	<u>(1,054,113)</u>
Net position--beginning	<u>88,694,374</u>
Net position--ending	<u>\$ 87,640,261</u>

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

MORROW COUNTY, OREGON

Governmental Funds
Balance Sheet
June 30, 2016

	<u>General</u>	<u>General Road</u>	<u>Other Governmental</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash and investments	\$ 5,870,521	\$ 992,424	\$ 4,509,482	\$ 11,372,427
Receivables				
Property taxes	201,128	-	2,350	203,478
Due from other funds	25,000	-	-	25,000
Other receivables	318,226	615,323	858,856	1,792,405
Total assets	<u>\$ 6,414,875</u>	<u>\$ 1,607,747</u>	<u>\$ 5,370,688</u>	<u>\$ 13,393,310</u>
<u>LIABILITIES:</u>				
Accounts payable	\$ 239,736	\$ 346,023	\$ 105,139	\$ 690,898
Accrued payroll and payroll taxes payable	183,653	53,389	31,262	268,304
Due to other entities	1,637	-	-	1,637
Due to other funds	-	-	25,000	25,000
Total liabilities	<u>425,026</u>	<u>399,412</u>	<u>161,401</u>	<u>985,839</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred property taxes	167,502	-	1,957	169,459
<u>FUND BALANCES:</u>				
Restricted	-	1,208,335	1,924,087	3,132,422
Committed	-	-	3,288,761	3,288,761
Unassigned	5,822,347	-	(5,518)	5,816,829
Total fund balances	<u>5,822,347</u>	<u>1,208,335</u>	<u>5,207,330</u>	<u>12,238,012</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,414,875</u>	<u>\$ 1,607,747</u>	<u>\$ 5,370,688</u>	<u>\$ 13,393,310</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, 2016

Fund Balances - Governmental Funds \$ 12,238,012

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	\$ 170,994,605	
Less accumulated depreciation	<u>(86,533,398)</u>	84,461,207

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

3,718,438

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

Notes payable		(2,460,530)
Capital leases payable		(339,648)

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(444,720)

Deferred inflows of resources related to differences between projected and actual earnings on pension investments are not due and payable in the current period, and therefore, are not recorded in the governmental fund statements.

(33,870)

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

(9,668,087)

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

169,459

Net Position of Governmental Activities

\$ 87,640,261

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, 2016

	General	General Road	Other Governmental	Total
<u>REVENUES:</u>				
Taxes	\$ 9,203,312	\$ 911,932	\$ 229,345	\$ 10,344,589
Intergovernmental	2,635,435	1,029,000	1,617,672	5,282,107
Fees, fines, and charges for services	707,104	215,467	3,924,896	4,847,467
Investment interest	38,981	5,770	36,503	81,254
Miscellaneous	238,698	30,712	37,027	306,437
Total revenues	<u>12,823,530</u>	<u>2,192,881</u>	<u>5,845,443</u>	<u>20,861,854</u>
<u>EXPENDITURES:</u>				
Current:				
General government	5,216,775	-	501,015	5,717,790
Public safety	3,562,101	-	1,137,290	4,699,391
Highways and streets	-	4,490,611	5,965	4,496,576
Cultural and recreation	11,000	-	818,532	829,532
Education	-	-	209,278	209,278
Health	1,255,828	-	-	1,255,828
Capital outlay	525,550	152,027	1,613,900	2,291,477
Debt service:				
Principal	12,374	202,430	150,000	364,804
Interest	3,090	15,827	21,258	40,175
Total expenditures	<u>10,586,718</u>	<u>4,860,895</u>	<u>4,457,238</u>	<u>19,904,851</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>2,236,812</u>	<u>(2,668,014)</u>	<u>1,388,205</u>	<u>957,003</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Loan proceeds	-	-	1,360,530	1,360,530
Transfers in	143,244	3,042,000	747,794	3,933,038
Transfers out	(926,500)	(173,944)	(2,832,594)	(3,933,038)
Total other financing sources (uses)	<u>(783,256)</u>	<u>2,868,056</u>	<u>(724,270)</u>	<u>1,360,530</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>1,453,556</u>	<u>200,042</u>	<u>663,935</u>	<u>2,317,533</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>4,368,791</u>	<u>1,008,293</u>	<u>4,543,395</u>	<u>9,920,479</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 5,822,347</u>	<u>\$ 1,208,335</u>	<u>\$ 5,207,330</u>	<u>\$ 12,238,012</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, 2016

Net change in fund balances - Governmental Funds \$ 2,317,533

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	\$ 2,291,477	
Less current year depreciation	(4,063,037)	
Disposal of Capital Assets	<u>(14,296)</u>	(1,785,856)

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		18,663
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The issuance of long-term debt (e.g. notes payable, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from notes payable	(1,360,530)	
Principal payments on capital leases	<u>364,804</u>	(995,726)

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		(59,332)
Net change in net pension liability	(3,907,247)	
Net change in deferred outflows of resources - pension deferrals	2,162,683	
Net change in deferred inflows of resources - pension deferrals	<u>1,195,169</u>	<u>(549,395)</u>

Change in Net Position of Governmental Activities		<u>\$ (1,054,113)</u>
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The notes to the financial statements
are an integral part of this statement.

MORROW COUNTY, OREGON

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 6,361,974	\$ 6,449,829	\$ 7,847,819	\$ 1,397,990
Payments in lieu of taxes	426,500	426,500	861,091	434,591
Liquor tax apportionment	35,000	35,000	57,640	22,640
Cigarette tax apportionment	7,500	7,500	10,576	3,076
Oregon DEQ grant	10,000	10,000	-	(10,000)
Cultural trust grant	7,500	7,500	7,049	(451)
CREZ II public safety grant	75,000	75,000	-	(75,000)
Wolf depredation grant	3,675	3,675	3,675	-
Assessor grants	15,000	15,000	41,630	26,630
Assessor fees and other	17,800	17,800	17,773	(27)
Clerk, recorder fees, and grants	64,970	64,970	83,637	18,667
Veterans service office grants and other	27,850	27,850	35,751	7,901
District attorney grants and other	56,500	56,500	69,235	12,735
Emergency management grants	18,600	18,600	6,500	(12,100)
Health department fees	137,563	137,563	122,015	(15,548)
Health department grants and other	454,758	537,073	598,752	61,679
Juvenile court grants and other	29,954	29,954	25,257	(4,697)
Sale of County land	-	-	2,091	2,091
State grant, assessment and taxation	98,500	98,500	134,362	35,862
Non-departmental fees and other	511,400	1,862,125	1,992,654	130,529
Planning fees and grants	26,500	26,500	29,037	2,537
Weed department fees and grants	25,000	25,000	15,293	(9,707)
Transfer station revenue and fees	49,200	49,200	50,286	1,086
Sheriff civil fees and other	246,225	274,225	192,200	(82,025)
Sheriff intergovernmental contracts	322,476	351,057	371,047	19,990
Justice court fines and other	216,000	216,000	209,179	(6,821)
Interest	17,000	17,000	38,981	21,981
Total revenues	<u>9,262,445</u>	<u>10,839,921</u>	<u>12,823,530</u>	<u>1,983,609</u>
<u>EXPENDITURES:</u>				
General government:				
County court	597,252	597,252	510,363	86,889
County accountant	285,131	285,131	260,509	24,622
Assessor	634,212	634,212	610,488	23,724
Treasurer	109,665	109,665	105,888	3,777
County clerk	294,601	294,601	277,338	17,263
Veteran's service officer	57,757	59,307	53,363	5,944
Juvenile	313,648	320,448	296,766	23,682
Planning department	432,176	432,176	299,793	132,383
County surveyor	6,640	6,640	4,863	1,777
Public works, administrator	57,245	60,045	59,803	242
Public works, general maintenance	406,749	422,584	332,391	90,193
Computer	123,000	123,000	115,441	7,559
Weed department	139,092	165,036	120,616	44,420
Board of Property Tax Appeals	2,978	2,978	2,121	857
Solid waste transfer station - north	30,347	47,057	46,713	344
Solid waste transfer station - south	41,576	61,576	58,606	2,970
Non-departmental	1,532,915	2,853,860	2,308,387	545,473
Total general government	<u>5,064,984</u>	<u>6,475,568</u>	<u>5,463,449</u>	<u>1,012,119</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, 2016

	<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	323,293	396,943	388,255	8,688
Justice of the peace	298,357	298,357	221,756	76,601
Sheriff	3,285,478	3,317,349	3,252,383	64,966
Emergency management	44,158	44,158	22,196	21,962
Total public safety	<u>3,951,286</u>	<u>4,056,807</u>	<u>3,884,590</u>	<u>172,217</u>
Heath:				
Health department	1,192,658	1,274,973	1,266,707	8,266
Total health	<u>1,192,658</u>	<u>1,274,973</u>	<u>1,266,707</u>	<u>8,266</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	45,000	10,000	-	10,000
Total expenditures	<u>10,264,928</u>	<u>11,828,348</u>	<u>10,625,746</u>	<u>1,202,602</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,002,483)</u>	<u>(988,427)</u>	<u>2,197,784</u>	<u>3,186,211</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	242,775	243,719	143,244	(100,475)
Transfers out	(926,500)	(941,500)	(926,500)	15,000
Total other financing sources (uses)	<u>(683,725)</u>	<u>(697,781)</u>	<u>(783,256)</u>	<u>(85,475)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,686,208)</u>	<u>(1,686,208)</u>	<u>1,414,528</u>	<u>3,100,736</u>
<u>FUND BALANCES, BEGINNING</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>4,128,129</u>	<u>878,129</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 1,563,792</u>	<u>\$ 1,563,792</u>	<u>\$ 5,542,657</u>	<u>\$ 3,978,865</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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Federal forest fees	\$ 240,378	\$ 240,378	\$ 356,541	\$ 116,163
Licenses	883,146	883,146	911,932	28,786
Intergovernmental	578,795	578,795	672,459	93,664
Reimbursed items	10,000	184,000	187,156	3,156
Interest	3,000	3,000	5,770	2,770
Other	114,000	120,000	59,023	(60,977)
Total revenues	<u>1,829,319</u>	<u>2,009,319</u>	<u>2,192,881</u>	<u>183,562</u>
<u>EXPENDITURES:</u>				
Road department	4,604,319	4,905,375	4,807,773	97,602
Capital equipment	60,000	72,000	68,257	3,743
Contingency	12,000	-	-	-
Total expenditures	<u>4,676,319</u>	<u>4,977,375</u>	<u>4,876,030</u>	<u>101,345</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(2,847,000)</u>	<u>(2,968,056)</u>	<u>(2,683,149)</u>	<u>284,907</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	2,772,000	3,042,000	3,042,000	-
Transfers out	(25,000)	(173,944)	(173,944)	-
Total other financing sources (uses)	<u>2,747,000</u>	<u>2,868,056</u>	<u>2,868,056</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(100,000)</u>	<u>(100,000)</u>	<u>184,907</u>	<u>284,907</u>
<u>FUND BALANCES, BEGINNING -</u>				
	<u>1,100,000</u>	<u>1,100,000</u>	<u>895,214</u>	<u>(204,786)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,080,121</u>	<u>\$ 80,121</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, 2016

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 3,951,415
Taxes receivable	596,058
Total assets	<u>4,547,473</u>
LIABILITIES:	
Payable to other agencies	<u>4,547,473</u>
Total liabilities	<u>4,547,473</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, 2016

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, 2016.

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, 2016

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

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

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

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

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

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

The County reports the following major governmental funds:

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements
June 30, 2016

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. Investments are stated at market value. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. All of the County's investments are Level 1 assets.

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, 2016

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

Receivables and payables:

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

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

Capital assets and long-term liabilities:

The County capitalized assets purchased or constructed with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. 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, 2016

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, 2016

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, 2016 were as follows:

	General	General Road	Other Governmental	Total Governmental Funds
<u>Fund Balances</u>				
Restricted:				
Public safety	-	-	464,963	464,963
Highways and streets	-	1,208,335	1,276,278	2,484,613
Education	-	-	202	202
Other restrictions	-	-	182,644	182,644
Total restricted	-	1,208,335	1,924,087	3,132,422
Committed:				
Culture and recreation	-	-	348,455	348,455
Education	-	-	31,394	31,394
Capital projects	-	-	782,433	782,433
Economic development	-	-	603,821	603,821
Other committed	-	-	1,522,658	1,522,658
Total committed	-	-	3,288,761	3,288,761
Unassigned	5,822,347	-	(5,518)	5,816,829
Ending fund balance	\$ 5,822,347	\$ 1,208,335	\$ 5,207,330	\$ 12,238,012

Of the amount restricted for highways and streets, \$1,208,335 is restricted by enabling legislation.

Use of estimates:

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

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, 2016

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

Two supplemental budgets were adopted during the year ended June 30, 2016; total appropriations increased by \$3,205,391.

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, 2016, the County overexpended the budget of the following funds:

Video Lottery Economic Development	Materials and Services	<u>\$ (1,155)</u>
Victim-Witness Assistance	Personal Services	<u>\$ (1,435)</u>
Justice Court Bail and Fine	Fine Turnover	<u>\$ (9,369)</u>
Community Corrections	Personal Services	<u>\$ (5,311)</u>

Fund deficit:

The following funds had a budgetary basis deficit fund balance as of June 30, 2016:

Airport Fund	<u>\$ (4,159)</u>
Victim-Witness Assistance	<u>\$ (7,485)</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

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	\$ 205,326
Petty cash	1,899
	<hr/>
	207,225

Investments

State of Oregon Local Government Investment Pool	15,116,617
	<hr/>

Total cash and investments	<u>\$ 15,323,842</u>
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Cash and investments are reflected in the basic financial statements as follows:

Cash and investments - governmental activities	\$ 11,372,427
Statement of Fiduciary Net Position	3,951,415
	<hr/>
	<u>\$ 15,323,842</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, 2016, the total bank balances were \$613,047. Of these deposits, \$500,000, was covered by federal depository insurance. The County keeps its deposits at financial institutions deemed to be qualified depositories by the Office of the State Treasurer.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (continued):

Credit Risk - Investments

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

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

Concentration Risk - Investments

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

Interest Rate Risk - Investments

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

Custodial Credit Risk - Investments

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2016 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	\$ 174,752	\$ -	\$ 2,441,593
Construction in progress	2,440,292	-	(2,440,292)	-
Total capital assets, not being depreciated	<u>4,707,133</u>	<u>174,752</u>	<u>(2,440,292)</u>	<u>2,441,593</u>
Capital assets, being depreciated:				
Buildings and improvements	12,821,371	3,781,834	-	16,603,205
Campsites and trails	838,274	-	-	838,274
Machinery and equipment	13,656,879	651,377	(800,880)	13,507,376
Bridges	23,035,652	123,806	-	23,159,458
Infrastructure	114,444,699	-	-	114,444,699
Total capital assets being depreciated	<u>164,796,875</u>	<u>4,557,017</u>	<u>(800,880)</u>	<u>168,553,012</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,424,382)	(461,661)	-	(6,886,043)
Campsites and trails	(529,943)	(22,702)	-	(552,645)
Machinery and equipment	(9,125,984)	(723,164)	786,584	(9,062,564)
Bridges	(13,058,911)	(578,888)	-	(13,637,799)
Infrastructure	(54,117,725)	(2,276,622)	-	(56,394,347)
Total accumulated depreciation	<u>(83,256,945)</u>	<u>(4,063,037)</u>	<u>786,584</u>	<u>(86,533,398)</u>
Total capital assets being depreciated, net	<u>81,539,930</u>	<u>493,980</u>	<u>(14,296)</u>	<u>82,019,614</u>
Governmental activities capital assets, net	<u>\$ 86,247,063</u>	<u>\$ 668,732</u>	<u>\$ (2,454,588)</u>	<u>\$ 84,461,207</u>

Depreciation was charged to functions and programs as follows:

	<u>Governmental activities</u>
General government	\$ 501,998
Public safety	376,337
Highways and streets	3,027,750
Cultural and recreation	150,175
Health	6,777
	<u>\$ 4,063,037</u>

MORROW COUNTY, OREGON

Notes To Basic Financial Statements

June 30, 2016

NOTE 5 - LONG TERM DEBT:

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

Lease purchase agreement payable at \$26,987 annually, by the Road fund, including interest at 3.33%, collateralized by road equipment. Final payment is due May 2019.	75,860
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.	47,723
Lease purchase agreement payable at \$41,270 annually, by the Road fund, including interest at 2.57%, collateralized by road equipment. The lease has a balloon payment of \$185,000 in August 2017.	216,065
	<u>\$ 339,648</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>
2017	\$ 82,907	\$ 9,632	\$ 73,275
2018	226,611	7,113	219,498
2019	41,582	797	40,785
2020	6,169	79	6,090
Total	<u>\$ 357,269</u>	<u>\$ 17,621</u>	<u>\$ 339,648</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, 2016 is \$2,460,530.

MORROW COUNTY, OREGON

Notes To Basic Financial Statements
June 30, 2016

NOTE 5 - LONG TERM DEBT (continued):

Future principal payments on this loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2017	334,551
2018	346,676
2019	352,252
2020	357,861
2021-2025	<u>1,069,190</u>
Total	<u><u>\$ 2,460,530</u></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, 2015	\$ 704,452	\$ 1,100,000	\$ 1,804,452
New obligations	-	1,360,530	1,360,530
Payments	(383,721)	(21,258)	(404,979)
Interest included	<u>18,917</u>	<u>21,258</u>	<u>40,175</u>
Principal balance June 30, 2016	<u><u>\$ 339,648</u></u>	<u><u>\$ 2,460,530</u></u>	<u><u>\$ 2,800,178</u></u>

NOTE 6 – COMPENSATED ABSENCES:

The following is a summary of accumulated unpaid vacation pay transactions of the County for the year ended June 30, 2016:

Balance June 30, 2015	\$ 385,388
Net change in benefits payable	<u>59,332</u>
Balance June 30, 2016	<u><u>\$ 444,720</u></u>

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

NOTE 7 - DEFERRED INFLOWS OF RESOURCES:

Deferred revenue at June 30, 2016 consisted of the following:

	<u>Governmental Funds</u>	<u>Statement of Net Position</u>
Property taxes	<u><u>\$ 169,459</u></u>	<u><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, 2016

NOTE 8 -- INTERFUND TRANSACTIONS:

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental fund financial statements generally reflect such transactions as transfers. In addition, certain funds have been transferred for which repayment is anticipated during the next twelve months. These balances are to cover the funds expenses due to timing differences in revenue reimbursements. Amounts due from and to other funds at June 30, 2016 consisted of the following:

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

The following are the County's interfund transfers for the year ended June 30, 2016. All transfers routinely occur between funds:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>	<u>Amount</u>
General	Programming Res.	For purchase of software	\$ 20,000
General	Victim/Witness	For general operations of Victim/Witness advocate	43,500
General	Building Res.	For future construction	50,000
General	Computer Res.	For purchase of computer equipment	20,000
General	Fair	For general operations of the Fair Fund	18,000
General	General Road	For general operations of General Road	775,000
General Road	Road Equip. Res.	For purchase of equipment	148,000
General Road	General	For general operations of the weed department	25,944
Finley Buttes Road	General Road	For improvements to County Road	200,000
911 Emerg. Tele.	General	For reimbursement of indirect costs	12,000
Finley Buttes Lic.	General Road	For general operations & impr. of Co. Roads	1,455,000
Fair	Fair Improvement	For capital upgrades to the fairgrounds	5,000
Fair	Fair Roof	For capital upgrades to fair buildings	2,000
Special Transportation	STF Vehicle Res.	For purchase of vehicles	50,000
Special Transportation	STO Operating Grant	For general operations of the STO Operating Grant	7,074
Alcohol Enforcement	General	For general operations of the County	500
Video Lottery Econ. Develop.	Fair	For general operations of the Fair Fund	5,000
Video Lottery Econ. Develop.	Rodeo	For general operations of the Rodeo Fund	6,270
Video Lottery Econ. Develop.	General	For general operations of the museum department	11,000
Willow Creek Wind	General	For general operations of the County	43,300
Building Permit Fees	General	For general operations of the planning department	10,000
Echo Wind Fees	General	For general operations of the County	40,500
Shepherds Flat Fees	General Road	For general operations & impr. of Co. Roads	612,000
Shepherds Flat Fees	Road Equip. Res.	For purchases of equipment	175,000
Shepherds Flat Fees	Heppner Admin Build.	For construction of Heppner admin building	190,000
STO Operating Grant	Special Transportation	For general operations of the Special Trans. Fund	7,950
		Total	<u>\$ 3,933,038</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 9 -- CONTINGENT LIABILITY, GRANTS:

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

NOTE 10 -- RECEIVABLES

The County lends money to businesses in Morrow County for economic development. The Equity Fund is used for this purpose. On June 30, 2016, loans receivable and corresponding interest of \$517,528 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, 2016 are as follows:

<u>Receivable</u>	<u>General</u>	<u>General Road</u>	<u>Other Govern- mental</u>	<u>Total</u>
Intergovernmental	\$ 219,838	521,767	135,156	\$ 876,761
Other shared taxes	8,205	78,614	-	86,819
Charges for services	90,183	14,942	206,172	311,297
Equity Fund loans	-	-	509,778	509,778
Equity Fund interest	-	-	7,750	7,750
	<u>\$ 318,226</u>	<u>\$ 615,323</u>	<u>\$ 858,856</u>	<u>\$ 1,792,405</u>

NOTE 11 -- DEFERRED COMPENSATION PLAN:

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 12 -- LITIGATION:

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

NOTE 13 -- SUBSEQUENT TAX REVENUES:

The 2016-2017 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	\$ 8,074,217
County school fund	24,713
Ione school fund	2,406
Fair fund	67,203
	<u>\$ 8,168,539</u>

After an allowance for expected delinquent tax payments, the County expects to collect at least the amount of property taxes budgeted for 2016-2017.

NOTE 14 -- TAXES:

County governmental funds received the following tax revenues:

Property taxes	\$ 7,892,797
Fuel tax apportionment	911,932
Payments in lieu of taxes	1,422,254
Other taxes	117,606
	<u>\$ 10,344,589</u>

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 15 -- INTERGOVERNMENTAL REVENUES:

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

Health department funds	\$ 598,750
Oregon Health Authority funds	1,241,633
Park department funds	310,017
Community Corrections funds	476,807
Sheriff department grants	347,411
Road department funds	1,029,001
911 Emergency funds	279,898
Federal forest fees and federal mineral lease	153,079
Assessment and taxation funds	138,252
Video lottery apportionment	79,189
Victim/Witness assistance funds	22,605
Other federal and state funds	605,465
	<u>605,465</u>
	<u>\$ 5,282,107</u>

NOTE 16 -- FINLEY BUTTES LANDFILL:

A private company operates the Finley Buttes Landfill in Morrow County. The County receives licensing fees from the landfill operator. During the year ended June 30, 2016, Morrow County received the following fees from the landfill operator:

Finley Buttes road fund	\$ 329,277
Finley Buttes license fee fund	<u>1,281,438</u>
	<u>\$ 1,610,715</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, 2016, the balance of funds in the landfill closure agency fund was \$1,170,333.

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 17 -- DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

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

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

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

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

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

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

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

The following is a summary of plan participants at July 1, 2015:

Active members:	
Public safety	17
General	74
Total active	<u>91</u>
Inactive participants:	
Vested terminated	23
Non-vested terminated entitled to account balance	38
Retirees and beneficiaries	48
Total inactive	<u>109</u>
Total participants	<u><u>200</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, 2016, the recommended rate was 19.4% of covered payroll. The County contributed 19.4% of covered payroll for the fiscal year ended June 30, 2016. On July 1, 2016 the recommended rate increased to 24.5% of covered payroll for fiscal year ended June 30, 2017.

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

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Total pension liability	\$25,194,987	\$29,588,001
Plan fiduciary net position	19,434,147	19,919,914
Net pension liability	<u>\$ 5,760,840</u>	<u>\$ 9,668,087</u>
Fiduciary net position as a % of total pension liability	77.13%	67.32%
Covered payroll	\$ 4,800,421	\$ 4,959,599
Net pension liability as a % of covered payroll	120.01%	194.94%

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 Financial Statements
June 30, 2016

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

F. Pension Expense:

	Fiscal Year Ending June 30, 2016
Service cost	\$ 564,657
Interest on total pension liability	1,894,605
Effect of plan changes	-
Administrative expenses	13,825
Expected investment return net of investment expenses	(1,465,613)
Recognition of deferred (inflows)outflows of resources:	
Recognition of economic/demographic (gains) or losses	481,848
Recognition of assumption changes or inputs	435,548
Recognition of investment (gains) or losses	(68,348)
Pension expense	\$ 1,856,522

G. Deferred (Inflows) / Outflows of Resources:

As of June 30, 2016, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,170,050
Changes in assumptions or inputs	-	1,132,425
Net difference between projected and actual earnings	(33,870)	-
Contributions made subsequent to measurement date	-	1,415,963
	\$ (33,870)	\$ 3,718,438

Deferred outflows of resources are presented as positive amounts. Deferred inflows or resources are presented as negative amounts.

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:

Year ended June 30:	Annual Recognition
2017	\$ (849,048)
2018	(828,360)
2019	(420,024)
2020	(238,912)
2021	-
Thereafter	-

MORROW COUNTY, OREGON

Notes to Financial Statements

June 30, 2016

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

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

<u>Fund:</u>	<u>GAAP Basis Change in Fund Balances</u>	<u>Change in Compensated Absences</u>	<u>Budgetary Basis - Change in Fund Balances</u>
General	\$ 1,453,556	\$ (39,028)	\$ 1,414,528
General Road	200,042	(15,135)	184,907
911 Emergency Telephone	(82,898)	(842)	(83,740)
Fair	23,081	(330)	22,751
Special Transportation	25,815	(978)	24,837
Victim/Witness Assistance	(15,071)	(1,576)	(16,647)
Park	(73,002)	(822)	(73,824)
Community Corrections	68,678	(621)	68,057

NOTE 19 -- RECONCILIATION OF GAAP BASIS FUND EQUITY TO

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

<u>Fund:</u>	<u>GAAP Basis Fund Balances</u>	<u>Compensated Absences</u>	<u>Budgetary Basis Fund Balances</u>
General Fund	5,822,347	\$ (279,690)	\$ 5,542,657
General Road	1,208,335	(128,214)	1,080,121
911 Emergency Telephone	104,106	(6,522)	97,584
Fair	81,744	(2,165)	79,579
Special Transportation	64,502	(8,186)	56,316
Victim/Witness Assistance	(1,359)	(6,126)	(7,485)
Park	272,281	(5,072)	267,209
Community Corrections	162,436	(8,745)	153,691

MORROW COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2016

NOTE 20 -- RISK MANAGEMENT:

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

NOTE 21 -- RELATED PARTY TRANSACTION:

The County has three loans outstanding to Morrow County Health District from the Equity Fund with a combined total balance of \$212,517. The Equity Fund was set up to account for funds the County received in a prior year to be used for economic development loans to entities inside the County. Leann Rea, a County Commissioner is also on the 5 person board of directors of Morrow County Health District.

NOTE 22 -- SUBSEQUENT EVENTS:

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

REQUIRED SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Schedule of Deferred (Inflows) and Outflows of Resources

	Original Amount	Experience Period	Original Recognition Period	Amount Recognized in Expense 6/30/2016	Balance of Deferred Inflows 6/30/2016	Balance of Deferred Outflows 6/30/2016
Investment	\$ 1,194,561	2014-2015	5.0	\$ 238,912	\$ -	\$ 955,649
(Gains) or losses	(1,536,299)	2013-2014	5.0	(307,260)	(921,779)	-
				<u>\$ (68,348)</u>	<u>\$ (921,779)</u>	<u>\$ 955,649</u>
Economic/demographic	\$ 1,362,260	2014-2015	3.6	\$ 378,406	\$ -	\$ 983,854
(gains) or losses	393,080	2013-2014	3.8	103,442	-	186,196
				<u>\$ 481,848</u>	<u>\$ -</u>	<u>\$ 1,170,050</u>
Assumption	\$ 1,567,973	2014-2015	3.6	\$ 435,548	\$ -	\$ 1,132,425
changes or inputs	-	2013-2014	3.8	-	-	-
				<u>\$ 435,548</u>	<u>\$ -</u>	<u>\$ 1,132,425</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, 2014	June 30, 2015
Total Pension Liability		
Service cost	\$ 581,265	\$ 564,657
Interest on total pension liability	1,758,584	1,894,605
Effect of plan changes	-	-
Effect of economic/demographic (gains) or losses	393,080	1,362,260
Effect of assumptions changes or inputs	-	1,567,973
Benefit payments	(834,561)	(1,030,803)
Member contributions	25,633	34,322
Net change in total pension liability	<u>1,924,001</u>	<u>4,393,014</u>
Total pension liability, beginning	<u>23,270,986</u>	<u>25,194,987</u>
Total pension liability, ending	<u>25,194,987</u>	<u>29,588,001</u>
Fiduciary Net Position		
Employer contributions	\$ 1,074,867	\$ 1,225,021
Member contributions	25,633	34,322
Investment income net of investment expenses	2,778,923	271,052
Benefit payments	(834,561)	(1,030,803)
Administrative expenses	(92,124)	(13,825)
Net change in plan fiduciary net position	<u>2,952,738</u>	<u>485,767</u>
Fiduciary net position, beginning	<u>16,481,409</u>	<u>19,434,147</u>
Fiduciary net position, ending	<u>19,434,147</u>	<u>19,919,914</u>
Net pension liability, ending	\$ 5,760,840	\$ 9,668,087
Fiduciary net position as a % of total pension liability	77.13%	67.32%
Covered payroll	\$ 4,800,421	\$ 4,959,599
Net pension liability as a % of covered payroll	120.01%	194.94%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Employer Contributions

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 1,225	\$ 1,110	\$ 1,005	\$ 1,133	\$ 1,123	\$ 835	\$ 710	\$ 684	\$ 758	\$ 735
Actual employer contribution	1,225	1,075	909	896	1,089	835	710	684	758	735
Contribution deficiency (Excess)	-	(35)	(96)	(237)	(34)	-	-	-	-	-
Covered payroll	4,960	4,800	4,748	4,837	4,813	4,154	4,165	3,819	3,690	3,944
Contribution as a % of covered payroll	24.70%	22.40%	19.14%	18.52%	22.63%	20.10%	17.05%	17.91%	20.54%	18.64%
Valuation Date	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008	7/1/2007	7/1/2006	7/1/2005
Investment Rate of Return Assumption	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Money -Weighted Rate of Return

Fiscal Year Ending June 30, 2015

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, 2014	\$ 19,434,147	12.00	1.00	\$ 19,705,167
Monthly net external cash flows:				
July	(164,001)	11.00	0.96	(166,192)
August	(31,047)	10.00	0.88	(31,426)
September	90,691	9.00	0.79	91,691
October	17,043	8.00	0.71	17,211
November	45,825	7.00	0.63	46,223
December	88,275	6.00	0.54	88,940
January	(9,256)	5.00	0.46	(9,315)
February	6,512	4.00	0.38	6,546
March	89,664	3.00	0.29	90,027
April	(18,145)	2.00	0.21	(18,197)
May	24,025	1.00	0.13	24,067
June	75,129	0.00	0.04	75,172
Ending Value - June 30, 2015	19,919,914			
Money - Weighted Rate of Return	1.39%			

Schedule of Investment Returns

Fiscal Year Ending June 30,	Money-Weighted Rate of Return Net of Investment Expenses
2015	1.39%
2014	16.77%
2013-2006	N/A

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Non-Major Governmental Funds

June 30, 2016

Special Revenue Funds:

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

Capital Projects Funds:

- Road Equipment Reserve Fund
- Computer Equipment Reserve Fund
- Programming Reserve Fund
- 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, 2016

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS:</u>			
Cash	\$ 3,720,155	\$ 789,327	\$ 4,509,482
Property taxes receivable	2,350	-	2,350
Other receivables	858,856	-	858,856
Total assets	<u>\$ 4,581,361</u>	<u>\$ 789,327</u>	<u>\$ 5,370,688</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 98,245	\$ 6,894	\$ 105,139
Accrued payroll and payroll taxes payable	31,262	-	31,262
Due to other funds	25,000	-	25,000
Total liabilities	<u>154,507</u>	<u>6,894</u>	<u>161,401</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred property taxes	<u>1,957</u>	<u>-</u>	<u>1,957</u>
<u>FUND BALANCES:</u>			
Restricted	1,924,087	-	1,924,087
Committed	2,506,328	782,433	3,288,761
Unassigned	(5,518)	-	(5,518)
Total fund balances	<u>4,424,897</u>	<u>782,433</u>	<u>5,207,330</u>
Total fund balances and liabilities	<u>\$ 4,581,361</u>	<u>\$ 789,327</u>	<u>\$ 5,370,688</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, 2016

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ 229,345	\$ -	\$ 229,345
Intergovernmental	1,615,012	2,660	1,617,672
Fees, fines and charges for services	3,924,896	-	3,924,896
Interest	32,229	4,274	36,503
Miscellaneous	37,027	-	37,027
Total revenues	<u>5,838,509</u>	<u>6,934</u>	<u>5,845,443</u>
<u>EXPENDITURES:</u>			
General government	482,380	18,635	501,015
Public safety	1,137,290	-	1,137,290
Highways and streets	-	5,965	5,965
Culture and recreation	812,400	6,132	818,532
Education	209,278	-	209,278
Capital outlay	184,476	1,429,424	1,613,900
Debt service	-	171,258	171,258
Total expenditures	<u>2,825,824</u>	<u>1,631,414</u>	<u>4,457,238</u>
<u>EXCESS (DEFICIENCY) OF</u>			
<u>REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>			
	<u>3,012,685</u>	<u>(1,624,480)</u>	<u>1,388,205</u>
<u>OTHER FINANCING SOURCES</u>			
<u>(USES):</u>			
Loan Proceeds	-	1,360,530	1,360,530
Operating transfers in	87,794	660,000	747,794
Operating transfers out	(2,832,594)	-	(2,832,594)
Total other financing sources (uses)	<u>(2,744,800)</u>	<u>2,020,530</u>	<u>(724,270)</u>
<u>NET CHANGE IN FUND</u>			
<u>BALANCES</u>			
	267,885	396,050	663,935
<u>FUND BALANCE, BEGINNING</u>			
<u>OF YEAR</u>			
	<u>4,157,012</u>	<u>386,383</u>	<u>4,543,395</u>
<u>FUND BALANCE, END OF YEAR</u>			
	<u>\$ 4,424,897</u>	<u>\$ 782,433</u>	<u>\$ 5,207,330</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds

June 30, 2016

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

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

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds (Continued)

June 30, 2016

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

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

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	<u>Heritage</u>	<u>Finley Buttes Road</u>	<u>Commission on Children and Families</u>	<u>Airport</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserve- tion</u>	<u>Finley Buttes Lic. Fees</u>
<u>ASSETS:</u>								
Cash	\$ 17,433	\$ 1,246,570	\$ 66,158	\$ 9,061	\$ 32,742	\$ 42,441	\$ 201,545	\$ 34,296
Property taxes receivable	-		-	-	-	-	-	-
Other receivables	-	29,708	-	2,365	-	71,747	238	115,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 17,433</u>	<u>\$ 1,276,278</u>	<u>\$ 66,158</u>	<u>\$ 11,426</u>	<u>\$ 32,742</u>	<u>\$ 114,188</u>	<u>\$ 201,783</u>	<u>\$ 150,100</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ 216	\$ -	\$ -	\$ 585	\$ 1,348	\$ 3,145	\$ -	\$ 650
Accrued payroll and payroll taxes payable	-	-	-	-	-	6,937	-	-
Due to other funds	-	-	-	15,000	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>216</u>	<u>-</u>	<u>-</u>	<u>15,585</u>	<u>1,348</u>	<u>10,082</u>	<u>-</u>	<u>650</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Deferred property taxes	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-	-	-	-
<u>FUND BALANCES:</u>								
Restricted	-	1,276,278	66,158	-	-	104,106	-	-
Committed	17,217	-	-	-	31,394	-	201,783	149,450
Unassigned	-	-	-	(4,159)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>17,217</u>	<u>1,276,278</u>	<u>66,158</u>	<u>(4,159)</u>	<u>31,394</u>	<u>104,106</u>	<u>201,783</u>	<u>149,450</u>
	<u>\$ 17,433</u>	<u>\$ 1,276,278</u>	<u>\$ 66,158</u>	<u>\$ 11,426</u>	<u>\$ 32,742</u>	<u>\$ 114,188</u>	<u>\$ 201,783</u>	<u>\$ 150,100</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2016

Continued from previous page.

	<u>County School</u>	<u>Ione School</u>	<u>Fair</u>	<u>Special Trans- portation</u>	<u>Alcohol Enforcement</u>	<u>Video Lottery Economic Development</u>	<u>Victim/ Witness Assistance</u>	<u>Willow Creek Wind</u>	<u>CAMI Grant</u>
<u>ASSETS:</u>									
Cash	\$ 81	\$ 8	\$ 84,318	\$ 59,440	\$ 22,565	\$ 39,756	\$ (9,940)	\$ 1,630	\$ 15,975
Property taxes receivable	616	60	1,674	-	-	-	-	-	-
Other receivables	-	-	-	11,912	13	-	11,890	-	7,823
Total assets	<u>\$ 697</u>	<u>\$ 68</u>	<u>\$ 85,992</u>	<u>\$ 71,352</u>	<u>\$ 22,578</u>	<u>\$ 39,756</u>	<u>\$ 1,950</u>	<u>\$ 1,630</u>	<u>\$ 23,798</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ -	\$ 1,526	\$ 4,380	\$ 13	\$ -	\$ 1,296	\$ -	\$ 2,525
Accrued payroll and payroll taxes payable	-	-	1,328	2,470	-	-	2,013	-	-
Due to other funds	-	-	-	-	-	-	-	-	10,000
Total liabilities	<u>-</u>	<u>-</u>	<u>2,854</u>	<u>6,850</u>	<u>13</u>	<u>-</u>	<u>3,309</u>	<u>-</u>	<u>12,525</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>									
Deferred property taxes	<u>513</u>	<u>50</u>	<u>1,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>									
Restricted	184	18	-	-	22,565	39,756	-	-	11,273
Committed	-	-	81,744	64,502	-	-	-	1,630	-
Unassigned	-	-	-	-	-	-	(1,359)	-	-
Total fund balances	<u>184</u>	<u>18</u>	<u>81,744</u>	<u>64,502</u>	<u>22,565</u>	<u>39,756</u>	<u>(1,359)</u>	<u>1,630</u>	<u>11,273</u>
	<u>\$ 697</u>	<u>\$ 68</u>	<u>\$ 85,992</u>	<u>\$ 71,352</u>	<u>\$ 22,578</u>	<u>\$ 39,756</u>	<u>\$ 1,950</u>	<u>\$ 1,630</u>	<u>\$ 23,798</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2016

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	\$ 17,882	\$ 48,576	\$ 55,836	\$ 13,666	\$ 24,530	\$ 440,897	\$ 256,768	\$ 95,134	\$ 805
Property taxes receivable	-	-	-	-	-	-	-	-	-
Other receivables	-	-	3,280	9	-	9,787	40,435	517,528	-
Total assets	<u>\$ 17,882</u>	<u>\$ 48,576</u>	<u>\$ 59,116</u>	<u>\$ 13,675</u>	<u>\$ 24,530</u>	<u>\$ 450,684</u>	<u>\$ 297,203</u>	<u>\$ 612,662</u>	<u>\$ 805</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ 792	\$ 865	\$ 41,353	\$ -	\$ -	\$ -	\$ 19,940	\$ 8,841	\$ -
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	4,982	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>792</u>	<u>865</u>	<u>41,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,922</u>	<u>8,841</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>									
Deferred property taxes	-	-	-	-	-	-	-	-	-
<u>FUND BALANCES:</u>									
Restricted	-	-	17,763	-	24,530	-	-	-	805
Committed	17,090	47,711	-	13,675	-	450,684	272,281	603,821	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>17,090</u>	<u>47,711</u>	<u>17,763</u>	<u>13,675</u>	<u>24,530</u>	<u>450,684</u>	<u>272,281</u>	<u>603,821</u>	<u>805</u>
	<u>\$ 17,882</u>	<u>\$ 48,576</u>	<u>\$ 59,116</u>	<u>\$ 13,675</u>	<u>\$ 24,530</u>	<u>\$ 450,684</u>	<u>\$ 297,203</u>	<u>\$ 612,662</u>	<u>\$ 805</u>

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2016

Continued from previous page.

	<u>Water Planning</u>	<u>Forest Service</u>	<u>Court Security</u>	<u>Echo Wind Fees</u>	<u>Shepherds Flat Fees</u>	<u>STO Operating Grant</u>	<u>Comm. Corrections Fund</u>	<u>Totals</u>
<u>ASSETS:</u>								
Cash	\$ 22,258	\$ 59,237	\$ 131,882	\$ 54,629	\$ 448,120	\$ 2,898	\$ 182,958	\$ 3,720,155
Property taxes receivable	-	-	-	-	-	-	-	2,350
Other receivables	-	-	913	28,539	-	3,322	3,543	858,856
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 22,258</u>	<u>\$ 59,237</u>	<u>\$ 132,795</u>	<u>\$ 83,168</u>	<u>\$ 448,120</u>	<u>\$ 6,220</u>	<u>\$ 186,501</u>	<u>\$ 4,581,361</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable	\$ -	\$ -	\$ 37	\$ -	\$ 200	\$ -	\$ 10,533	\$ 98,245
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	13,532	31,262
Due to other funds	-	-	-	-	-	-	-	25,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>24,065</u>	<u>154,507</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Deferred property taxes	-	-	-	-	-	-	-	1,957
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES:</u>								
Restricted	-	59,237	132,758	-	-	6,220	162,436	1,924,087
Committed	22,258	-	-	83,168	447,920	-	-	2,506,328
Unassigned	-	-	-	-	-	-	-	(5,518)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>22,258</u>	<u>59,237</u>	<u>132,758</u>	<u>83,168</u>	<u>447,920</u>	<u>6,220</u>	<u>162,436</u>	<u>4,424,897</u>
	<u>\$ 22,258</u>	<u>\$ 59,237</u>	<u>\$ 132,795</u>	<u>\$ 83,168</u>	<u>\$ 448,120</u>	<u>\$ 6,220</u>	<u>\$ 186,501</u>	<u>\$ 4,581,361</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, 2016

	<u>Heritage</u>	<u>Finley Buttes Road</u>	<u>Commission on Children/ Families</u>	<u>Airport</u>	<u>Law Library</u>	<u>911 Emergency Telephone</u>	<u>Surveyor Preserva- tion</u>	<u>Finley Buttes Lic. Fees</u>
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	279,898	-	-
Fees, fines, and charges for services	-	329,277	-	35,990	-	-	14,820	1,281,438
Interest	111	7,663	421	81	228	425	1,298	1,096
Miscellaneous	-	-	-	826	227	-	-	-
Total revenues	<u>111</u>	<u>336,940</u>	<u>421</u>	<u>36,897</u>	<u>455</u>	<u>280,323</u>	<u>16,118</u>	<u>1,282,534</u>
<u>EXPENDITURES:</u>								
General government	-	-	-	42,467	-	-	-	26,913
Public safety	-	-	-	-	-	277,140	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	216	-	-	-	-	-	34,775	-
Education	-	-	-	-	8,740	-	-	-
Capital outlay	-	-	-	-	-	74,081	-	-
Total expenditures	<u>216</u>	<u>-</u>	<u>-</u>	<u>42,467</u>	<u>8,740</u>	<u>351,221</u>	<u>34,775</u>	<u>26,913</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(105)</u>	<u>336,940</u>	<u>421</u>	<u>(5,570)</u>	<u>(8,285)</u>	<u>(70,898)</u>	<u>(18,657)</u>	<u>1,255,621</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(200,000)	-	-	-	(12,000)	-	(1,455,000)
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>(1,455,000)</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(105)</u>	<u>136,940</u>	<u>421</u>	<u>(5,570)</u>	<u>(8,285)</u>	<u>(82,898)</u>	<u>(18,657)</u>	<u>(199,379)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>17,322</u>	<u>1,139,338</u>	<u>65,737</u>	<u>1,411</u>	<u>39,679</u>	<u>187,004</u>	<u>220,440</u>	<u>348,829</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 17,217</u>	<u>\$ 1,276,278</u>	<u>\$ 66,158</u>	<u>\$ (4,159)</u>	<u>\$ 31,394</u>	<u>\$ 104,106</u>	<u>\$ 201,783</u>	<u>\$ 149,450</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Continued from previous page.

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

	<u>County School</u>	<u>Ione School</u>	<u>Fair</u>	<u>Special Trans- portation</u>	<u>Alcohol Enforce- ment</u>	<u>Video Lottery Econ. Devel.</u>	<u>Victim/ Witness Assistance</u>	<u>Willow Creek Wind</u>	<u>CAMI Grant</u>
<u>REVENUES:</u>									
Taxes	\$ 149,138	\$ 14,895	\$ 65,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	33,080	3,320	53,675	185,849	-	79,189	22,605	-	35,847
Fees, fines, and charges for services	-	-	25,573	2,723	75	-	-	41,959	-
Interest	73	7	394	362	144	191	-	128	178
Miscellaneous	-	-	5,179	13,611	-	-	-	-	-
Total revenues	<u>182,291</u>	<u>18,222</u>	<u>150,133</u>	<u>202,545</u>	<u>219</u>	<u>79,380</u>	<u>22,605</u>	<u>42,087</u>	<u>36,025</u>
<u>EXPENDITURES:</u>									
General government	-	-	-	127,606	-	31,155	-	-	88,826
Public safety	-	-	-	-	-	-	81,176	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	125,063	-	-	-	-	-	-
Education	182,314	18,224	-	-	-	-	-	-	-
Capital outlay	-	-	17,989	-	-	-	-	-	-
Total expenditures	<u>182,314</u>	<u>18,224</u>	<u>143,052</u>	<u>127,606</u>	<u>-</u>	<u>31,155</u>	<u>81,176</u>	<u>-</u>	<u>88,826</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(23)</u>	<u>(2)</u>	<u>7,081</u>	<u>74,939</u>	<u>219</u>	<u>48,225</u>	<u>(58,571)</u>	<u>42,087</u>	<u>(52,801)</u>
<u>OTHER FINANCING SOURCES (USES):</u>									
Operating transfers in	-	-	23,000	7,950	-	-	43,500	-	-
Operating transfers out	-	-	(7,000)	(57,074)	(500)	(22,270)	-	(43,300)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>(49,124)</u>	<u>(500)</u>	<u>(22,270)</u>	<u>43,500</u>	<u>(43,300)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>(23)</u>	<u>(2)</u>	<u>23,081</u>	<u>25,815</u>	<u>(281)</u>	<u>25,955</u>	<u>(15,071)</u>	<u>(1,213)</u>	<u>(52,801)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>207</u>	<u>20</u>	<u>58,663</u>	<u>38,687</u>	<u>22,846</u>	<u>13,801</u>	<u>13,712</u>	<u>2,843</u>	<u>64,074</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 184</u>	<u>\$ 18</u>	<u>\$ 81,744</u>	<u>\$ 64,502</u>	<u>\$ 22,565</u>	<u>\$ 39,756</u>	<u>\$ (1,359)</u>	<u>\$ 1,630</u>	<u>\$ 11,273</u>

See accompanying independent auditor's report.

Continued on next page.

MORROW COUNTY, OREGON

Continued from previous page.

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

	Safety Committee	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Building Permit Fees	Parks	Equity	Liquor Control
<u>REVENUES:</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	397,125	-	-
Fees, fines, and charges for services	-	85,365	344,598	1,812	900	105,176	158,921	-	-
Interest	116	268	-	82	154	2,470	1,702	8,972	6
Miscellaneous	7,000	-	-	-	-	-	6,212	-	-
Total revenues	<u>7,116</u>	<u>85,633</u>	<u>344,598</u>	<u>1,894</u>	<u>1,054</u>	<u>107,646</u>	<u>563,960</u>	<u>8,972</u>	<u>6</u>
<u>EXPENDITURES:</u>									
General government	6,263	-	-	-	-	-	-	10,841	-
Public safety	-	-	339,809	-	144	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	67,129	-	-	-	-	580,217	-	-
Education	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	56,745	-	-
Total expenditures	<u>6,263</u>	<u>67,129</u>	<u>339,809</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>636,962</u>	<u>10,841</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>853</u>	<u>18,504</u>	<u>4,789</u>	<u>1,894</u>	<u>910</u>	<u>107,646</u>	<u>(73,002)</u>	<u>(1,869)</u>	<u>6</u>
<u>OTHER FINANCING SOURCES (USES):</u>									
Operating transfers in	-	6,270	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(10,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>6,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>853</u>	<u>24,774</u>	<u>4,789</u>	<u>1,894</u>	<u>910</u>	<u>97,646</u>	<u>(73,002)</u>	<u>(1,869)</u>	<u>6</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>16,237</u>	<u>22,937</u>	<u>12,974</u>	<u>11,781</u>	<u>23,620</u>	<u>353,038</u>	<u>345,283</u>	<u>605,690</u>	<u>799</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 17,090</u>	<u>\$ 47,711</u>	<u>\$ 17,763</u>	<u>\$ 13,675</u>	<u>\$ 24,530</u>	<u>\$ 450,684</u>	<u>\$ 272,281</u>	<u>\$ 603,821</u>	<u>\$ 805</u>

See accompanying independent auditor's report.

Continued on next page.

MORROW COUNTY, OREGON

Continued from previous page.

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

	Water Planning	Forest Service	Court Security	Echo Wind Fees	Shepherds Flat Fees	STO Operating Grant	Comm. Corrections Fund	Totals
<u>REVENUES:</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,345
Intergovernmental	25,908	5,138	-	-	-	16,571	476,807	1,615,012
Fees, fines, and charges for services	-	-	9,317	97,974	1,348,469	-	40,509	3,924,896
Interest	-	355	836	338	2,703	35	1,392	32,229
Miscellaneous	-	-	-	-	-	3,322	650	37,027
Total revenues	<u>25,908</u>	<u>5,493</u>	<u>10,153</u>	<u>98,312</u>	<u>1,351,172</u>	<u>19,928</u>	<u>519,358</u>	<u>5,838,509</u>
<u>EXPENDITURES:</u>								
General government	-	-	-	-	127,527	20,782	-	482,380
Public safety	-	-	18,334	-	-	-	420,687	1,137,290
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	5,000	-	-	-	-	-	-	812,400
Education	-	-	-	-	-	-	-	209,278
Capital outlay	-	-	-	-	5,668	-	29,993	184,476
Total expenditures	<u>5,000</u>	<u>-</u>	<u>18,334</u>	<u>-</u>	<u>133,195</u>	<u>20,782</u>	<u>450,680</u>	<u>2,825,824</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>20,908</u>	<u>5,493</u>	<u>(8,181)</u>	<u>98,312</u>	<u>1,217,977</u>	<u>(854)</u>	<u>68,678</u>	<u>3,012,685</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating transfers in	-	-	-	-	-	7,074	-	87,794
Operating transfers out	-	-	-	(40,500)	(977,000)	(7,950)	-	(2,832,594)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,500)</u>	<u>(977,000)</u>	<u>(876)</u>	<u>-</u>	<u>(2,744,800)</u>
<u>NET CHANGE IN FUND BALANCES:</u>	<u>20,908</u>	<u>5,493</u>	<u>(8,181)</u>	<u>57,812</u>	<u>240,977</u>	<u>(1,730)</u>	<u>68,678</u>	<u>267,885</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>1,350</u>	<u>53,744</u>	<u>140,939</u>	<u>25,356</u>	<u>206,943</u>	<u>7,950</u>	<u>93,758</u>	<u>4,157,012</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 22,258</u>	<u>\$ 59,237</u>	<u>\$ 132,758</u>	<u>\$ 83,168</u>	<u>\$ 447,920</u>	<u>\$ 6,220</u>	<u>\$ 162,436</u>	<u>\$ 4,424,897</u>

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, 2016

	<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>\$ 75</u>	<u>\$ 75</u>	<u>\$ 111</u>	<u>\$ 36</u>
Total revenues	<u>75</u>	<u>75</u>	<u>111</u>	<u>36</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>17,575</u>	<u>17,575</u>	<u>216</u>	<u>17,359</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>(105)</u>	<u>17,395</u>
<u>FUND BALANCES, BEGINNING</u>	<u>17,500</u>	<u>17,500</u>	<u>17,322</u>	<u>(178)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,217</u>	<u>\$ 17,217</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, 2016

	<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	\$ 250,000	\$ 250,000	\$ 329,277	\$ 79,277
Interest	5,000	5,000	7,663	2,663
Total revenues	<u>255,000</u>	<u>255,000</u>	<u>336,940</u>	<u>81,940</u>
<u>EXPENDITURES:</u>				
Contractual services	<u>1,109,035</u>	<u>1,109,035</u>	<u>-</u>	<u>1,109,035</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(854,035)	(854,035)	336,940	1,190,975
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,054,035)	(1,054,035)	136,940	1,190,975
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,054,035</u>	<u>1,054,035</u>	<u>1,139,338</u>	<u>85,303</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,278</u>	<u>\$ 1,276,278</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ 421	\$ 421
Total revenues	-	-	421	421
<u>EXPENDITURES:</u>	-	-	-	-
Total expenditures	-	-	-	-
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	-	-	421	421
<u>FUND BALANCES, BEGINNING</u>	-	-	65,737	65,737
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 66,158	\$ 66,158

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Airport Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Rental and leases	\$ 14,230	\$ 14,230	\$ 14,440	\$ 210
Charges for services	21,000	21,000	21,550	550
Interest	75	75	81	6
Miscellaneous revenue	-	-	826	826
Total revenues	<u>35,305</u>	<u>35,305</u>	<u>36,897</u>	<u>1,592</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>35,160</u>	<u>50,160</u>	<u>42,467</u>	<u>7,693</u>
Total expenditures	<u>35,160</u>	<u>50,160</u>	<u>42,467</u>	<u>7,693</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	145	(14,855)	(5,570)	9,285
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	145	145	(5,570)	(5,715)
<u>FUND BALANCES, BEGINNING</u>				
	<u>6,500</u>	<u>6,500</u>	<u>1,411</u>	<u>(5,089)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 6,645</u>	<u>\$ 6,645</u>	<u>\$ (4,159)</u>	<u>\$ (10,804)</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Law Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2016

	<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	\$ -	\$ (5,000)
Interest	130	130	228	98
Other	-	-	227	227
Total revenues	<u>5,130</u>	<u>5,130</u>	<u>455</u>	<u>(4,675)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>39,880</u>	<u>39,880</u>	<u>8,740</u>	<u>31,140</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(34,750)	(34,750)	(8,285)	26,465
<u>FUND BALANCES, BEGINNING</u>				
	<u>34,750</u>	<u>34,750</u>	<u>39,679</u>	<u>4,929</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,394</u>	<u>\$ 31,394</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, 2016

	<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	\$ 184,312	\$ 184,312	\$ 279,898	\$ 95,586
Interest	1,500	1,500	425	(1,075)
Other	500	500	-	(500)
Total revenues	<u>186,312</u>	<u>186,312</u>	<u>280,323</u>	<u>94,011</u>
<u>EXPENDITURES:</u>				
Personnel services	296,766	296,766	262,594	34,172
Materials and services	66,700	79,200	15,388	63,812
Capital outlay	79,000	106,500	74,081	32,419
Contingency	25,000	10,000	-	10,000
Total expenditures	<u>467,466</u>	<u>492,466</u>	<u>352,063</u>	<u>140,403</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(281,154)	(306,154)	(71,740)	234,414
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(37,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(318,154)	(318,154)	(83,740)	234,414
<u>FUND BALANCES, BEGINNING</u>	<u>318,154</u>	<u>318,154</u>	<u>181,324</u>	<u>(136,830)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,584</u>	<u>\$ 97,584</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, 2016

	<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	\$ 11,000	\$ 11,000	\$ 14,820	\$ 3,820
Interest	800	800	1,298	498
Total revenues	<u>11,800</u>	<u>11,800</u>	<u>16,118</u>	<u>4,318</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>230,550</u>	<u>230,550</u>	<u>34,775</u>	<u>195,775</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(218,750)	(218,750)	(18,657)	200,093
<u>FUND BALANCES, BEGINNING</u>				
	<u>218,750</u>	<u>218,750</u>	<u>220,440</u>	<u>1,690</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,783</u>	<u>\$ 201,783</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Finley Buttes License Fee Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2016

	<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	\$ 1,150,000	\$ 1,150,000	\$ 1,281,438	\$ 131,438
Interest	350	350	1,096	746
Total revenues	<u>1,150,350</u>	<u>1,150,350</u>	<u>1,282,534</u>	<u>132,184</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>40,350</u>	<u>44,179</u>	<u>26,913</u>	<u>17,266</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,110,000	1,106,171	1,255,621	149,450
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(1,185,000)</u>	<u>(1,455,000)</u>	<u>(1,455,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(75,000)	(348,829)	(199,379)	149,450
<u>FUND BALANCES, BEGINNING</u>	<u>75,000</u>	<u>348,829</u>	<u>348,829</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,450</u>	<u>\$ 149,450</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, 2016

	<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	\$ 19,467	\$ 24,227	\$ 24,018	\$ (209)
Federal forest rentals (25%)	6,126	33,080	33,080	-
In lieu of taxes	93,403	125,120	125,120	-
Interest	30	75	73	(2)
Total revenues	<u>119,026</u>	<u>182,502</u>	<u>182,291</u>	<u>(211)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>119,276</u>	<u>182,752</u>	<u>182,314</u>	<u>438</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(250)	(250)	(23)	227
<u>FUND BALANCES, BEGINNING</u>				
	<u>250</u>	<u>250</u>	<u>207</u>	<u>(43)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 184</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, 2016

	<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	\$ 1,891	\$ 2,437	\$ 2,339	\$ (98)
Federal forest rentals	498	3,320	3,320	-
In lieu of taxes	8,800	12,556	12,556	-
Interest	3	8	7	(1)
Total revenues	<u>11,192</u>	<u>18,321</u>	<u>18,222</u>	<u>(99)</u>
<u>EXPENDITURES:</u>				
Tax turnovers	<u>11,212</u>	<u>18,341</u>	<u>18,224</u>	<u>117</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(20)	(20)	(2)	18
<u>FUND BALANCES, BEGINNING</u>				
	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 18</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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Gate admissions	\$ 5,000	\$ 5,000	\$ 4,228	\$ (772)
Concessions	800	800	710	(90)
Rental of facilities	3,700	3,700	6,310	2,610
Donations	500	500	900	400
Sponsors and premium book advertising	7,000	7,000	13,425	6,425
Other	2,050	2,050	5,179	3,129
Intergovernmental (Oregon State)	50,505	50,505	53,675	3,170
Property taxes	52,819	52,819	65,312	12,493
Interest	150	150	394	244
Total revenues	<u>122,524</u>	<u>122,524</u>	<u>150,133</u>	<u>27,609</u>
<u>EXPENDITURES:</u>				
Administrative and non-departmental	57,610	57,610	43,356	14,254
Fair	82,898	85,398	74,064	11,334
Queen and court	6,650	6,650	1,439	5,211
Multipurpose buildings	4,050	4,050	2,150	1,900
St. Pats event	2,655	2,655	38	2,617
Capital outlay	27,750	27,750	22,335	5,415
Operating contingency	14,500	12,000	-	12,000
Total expenditures	<u>196,113</u>	<u>196,113</u>	<u>143,382</u>	<u>52,731</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	<u>(73,589)</u>	<u>(73,589)</u>	<u>6,751</u>	<u>80,340</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	23,000	23,000	23,000	-
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(57,589)</u>	<u>(57,589)</u>	<u>22,751</u>	<u>80,340</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>68,589</u>	<u>68,589</u>	<u>56,828</u>	<u>(11,761)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 79,579</u>	<u>\$ 68,579</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 125,000	\$ 180,550	\$ 185,849	\$ 5,299
Bus receipts and other	2,500	2,500	2,723	223
Interest	200	200	362	162
Other	200	200	13,611	13,411
Total revenues	<u>127,900</u>	<u>183,450</u>	<u>202,545</u>	<u>19,095</u>
<u>EXPENDITURES:</u>				
Personal services	61,356	63,856	62,925	931
Materials and services	62,930	73,930	65,659	8,271
Total expenditures	<u>124,286</u>	<u>137,786</u>	<u>128,584</u>	<u>9,202</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>3,614</u>	<u>45,664</u>	<u>73,961</u>	<u>28,297</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	7,950	7,950	-
Transfers out	<u>(7,074)</u>	<u>(57,074)</u>	<u>(57,074)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,074)</u>	<u>(49,124)</u>	<u>(49,124)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(3,460)</u>	<u>(3,460)</u>	<u>24,837</u>	<u>28,297</u>
<u>FUND BALANCES, BEGINNING</u>				
	<u>3,460</u>	<u>3,460</u>	<u>31,479</u>	<u>28,019</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,316</u>	<u>\$ 56,316</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines and forfeits	\$ 2,000	\$ 2,000	\$ 75	\$ (1,925)
Interest	90	90	144	54
Total revenues	<u>2,090</u>	<u>2,090</u>	<u>219</u>	<u>(1,871)</u>
<u>EXPENDITURES:</u>				
Materials and services	21,090	21,090	-	21,090
Capital outlay	3,000	3,000	-	3,000
Total expenditures	<u>24,090</u>	<u>24,090</u>	<u>-</u>	<u>24,090</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(22,000)	(22,000)	219	22,219
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(22,500)	(22,500)	(281)	22,219
<u>FUND BALANCES, BEGINNING</u>				
	<u>22,500</u>	<u>22,500</u>	<u>22,846</u>	<u>346</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,565</u>	<u>\$ 22,565</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, 2016

	<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	\$ 79,189	\$ 8,789
Interest	25	25	191	166
Total revenues	<u>70,425</u>	<u>70,425</u>	<u>79,380</u>	<u>8,955</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>51,000</u>	<u>51,000</u>	<u>31,155</u>	<u>19,845</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	19,425	19,425	48,225	28,800
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(22,270)</u>	<u>(22,270)</u>	<u>(22,270)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(2,845)	(2,845)	25,955	28,800
<u>FUND BALANCES, BEGINNING</u>	<u>2,845</u>	<u>2,845</u>	<u>13,801</u>	<u>10,956</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,756</u>	<u>\$ 39,756</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, 2016

	<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	\$ 37,864	\$ 37,864	\$ 22,605	\$ (15,259)
Total revenues	<u>37,864</u>	<u>37,864</u>	<u>22,605</u>	<u>(15,259)</u>
<u>EXPENDITURES:</u>				
Personal services	79,514	79,514	80,949	(1,435)
Materials and services	<u>3,100</u>	<u>3,100</u>	<u>1,803</u>	<u>1,297</u>
Total expenditures	<u>82,614</u>	<u>82,614</u>	<u>82,752</u>	<u>(138)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(44,750)	(44,750)	(60,147)	(15,397)
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>43,500</u>	<u>43,500</u>	<u>43,500</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,250)	(1,250)	(16,647)	(15,397)
<u>FUND BALANCES, BEGINNING</u>				
	<u>1,250</u>	<u>1,250</u>	<u>9,162</u>	<u>7,912</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,485)</u>	<u>\$ (7,485)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Wind fees	\$ 45,500	\$ 45,500	\$ 41,959	\$ (3,541)
Interest	50	50	128	78
Total revenues	<u>45,550</u>	<u>45,550</u>	<u>42,087</u>	<u>(3,463)</u>
<u>EXPENDITURES:</u>				
Other requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>				
	45,550	45,550	42,087	(3,463)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(46,050)</u>	<u>(46,050)</u>	<u>(43,300)</u>	<u>2,750</u>
<u>NET CHANGE IN FUND BALANCES</u>	(500)	(500)	(1,213)	(713)
<u>FUND BALANCES, BEGINNING</u>	<u>500</u>	<u>500</u>	<u>2,843</u>	<u>2,343</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,630</u>	<u>\$ 1,630</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Grants	\$ 19,850	\$ 28,023	\$ 35,847	\$ 7,824
Interest	150	150	178	28
Total revenues	<u>20,000</u>	<u>28,173</u>	<u>36,025</u>	<u>7,852</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>24,000</u>	<u>92,247</u>	<u>88,826</u>	<u>3,421</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(4,000)	(64,074)	(52,801)	11,273
<u>FUND BALANCES, BEGINNING</u>	<u>4,000</u>	<u>64,074</u>	<u>64,074</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,273</u>	<u>\$ 11,273</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, 2016

	<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	116	56
Total revenues	<u>7,060</u>	<u>7,060</u>	<u>7,116</u>	<u>56</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>27,060</u>	<u>27,060</u>	<u>6,263</u>	<u>20,797</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(20,000)	(20,000)	853	20,853
<u>FUND BALANCES, BEGINNING</u>				
	<u>20,000</u>	<u>20,000</u>	<u>16,237</u>	<u>(3,763)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,090</u>	<u>\$ 17,090</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Gate admissions	\$ 14,300	\$ 14,300	\$ 15,461	\$ 1,161
Concessions	13,400	13,400	13,714	314
Rodeo entry fees and others	5,500	5,500	5,163	(337)
Rodeo sponsor fees	5,300	5,300	6,975	1,675
Donations	20,600	20,600	40,200	19,600
Other	2,500	2,500	3,852	1,352
Interest	100	100	268	168
Total revenues	<u>61,700</u>	<u>61,700</u>	<u>85,633</u>	<u>23,933</u>
<u>EXPENDITURES:</u>				
Materials and services	75,050	75,050	67,129	7,921
Capital outlay	5,500	5,500	-	5,500
Contingency	10,470	10,470	-	10,470
Total expenditures	<u>91,020</u>	<u>91,020</u>	<u>67,129</u>	<u>23,891</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(29,320)</u>	<u>(29,320)</u>	<u>18,504</u>	<u>47,824</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>6,270</u>	<u>6,270</u>	<u>6,270</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(23,050)</u>	<u>(23,050)</u>	<u>24,774</u>	<u>47,824</u>
<u>FUND BALANCES, BEGINNING</u>	<u>23,050</u>	<u>23,050</u>	<u>22,937</u>	<u>(113)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,711</u>	<u>\$ 47,711</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fines	\$ 320,000	\$ 330,440	\$ 344,598	\$ 14,158
<u>EXPENDITURES:</u>				
Fine turnover	<u>320,000</u>	<u>330,440</u>	<u>339,809</u>	<u>(9,369)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	-	-	4,789	4,789
<u>FUND BALANCES, BEGINNING</u>	<u>-</u>	<u>-</u>	<u>12,974</u>	<u>12,974</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,763</u>	<u>\$ 17,763</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Records fees	\$ 1,700	\$ 1,700	\$ 1,812	\$ 112
Interest	50	50	82	32
Total revenues	<u>1,750</u>	<u>1,750</u>	<u>1,894</u>	<u>144</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(3,250)	(3,250)	1,894	5,144
<u>FUND BALANCES, BEGINNING</u>				
	<u>3,250</u>	<u>3,250</u>	<u>11,781</u>	<u>8,531</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,675</u>	<u>\$ 13,675</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, 2016

	<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	154	54
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>1,054</u>	<u>(46)</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>24,700</u>	<u>24,700</u>	<u>144</u>	<u>24,556</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(23,600)	(23,600)	910	24,510
<u>FUND BALANCES, BEGINNING</u>				
	<u>23,600</u>	<u>23,600</u>	<u>23,620</u>	<u>20</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,530</u>	<u>\$ 24,530</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, 2016

	<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	\$ 75,000	\$ 75,000	\$ 105,176	\$ 30,176
Interest	750	750	2,470	1,720
Total revenues	<u>75,750</u>	<u>75,750</u>	<u>107,646</u>	<u>31,896</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	75,750	75,750	107,646	31,896
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(107,725)</u>	<u>(18,418)</u>	<u>(10,000)</u>	<u>8,418</u>
<u>NET CHANGE IN FUND BALANCES</u>	(31,975)	57,332	97,646	40,314
<u>FUND BALANCES, BEGINNING</u>	<u>311,350</u>	<u>311,350</u>	<u>353,038</u>	<u>41,688</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 279,375</u>	<u>\$ 368,682</u>	<u>\$ 450,684</u>	<u>\$ 82,002</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Grants	\$ 727,400	\$ 727,400	\$ 158,921	\$ (568,479)
Camping fees and other charges for services	101,980	179,980	246,030	66,050
State apportionment	113,309	113,309	151,095	37,786
Interest	250	250	1,702	1,452
Other	2,050	2,050	6,212	4,162
Total revenues	<u>944,989</u>	<u>1,022,989</u>	<u>563,960</u>	<u>(459,029)</u>
<u>EXPENDITURES:</u>				
Cutsforth park	504,750	504,750	71,325	433,425
Anson Wright park	50,089	100,089	68,243	31,846
OHV park	389,900	533,350	498,216	35,134
Contingency	25,250	25,250	-	25,250
Total expenditures	<u>969,989</u>	<u>1,163,439</u>	<u>637,784</u>	<u>525,655</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(25,000)	(140,450)	(73,824)	66,626
<u>FUND BALANCES, BEGINNING</u>				
	<u>25,000</u>	<u>140,450</u>	<u>341,033</u>	<u>200,583</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,209</u>	<u>\$ 267,209</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, 2016

	<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	\$ 7,600	\$ 7,600	\$ 7,750	\$ 150
Interest	900	900	1,222	322
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>8,972</u>	<u>472</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>18,500</u>	<u>18,500</u>	<u>10,841</u>	<u>7,659</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(10,000)	(10,000)	(1,869)	8,131
<u>FUND BALANCES, BEGINNING</u>	<u>10,000</u>	<u>10,000</u>	<u>605,690</u>	<u>595,690</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,821</u>	<u>\$ 603,821</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 4	\$ 4	\$ 6	\$ 2
Total Revenues	4	4	6	2
<u>EXPENDITURES:</u>				
Materials and services	804	804	-	804
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(800)	(800)	6	806
<u>FUND BALANCES, BEGINNING</u>	800	800	799	(1)
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 805	\$ 805

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, 2016

	<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	\$ 20,000	\$ 20,000	\$ 25,908	\$ 5,908
<u>EXPENDITURES:</u>				
Materials and services	21,350	21,350	5,000	16,350
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(1,350)	(1,350)	20,908	22,258
<u>FUND BALANCES, BEGINNING</u>	1,350	1,350	1,350	-
<u>FUND BALANCES, ENDING</u>	\$ -	\$ -	\$ 22,258	\$ 22,258

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State apportionment	\$ 5,000	\$ 5,000	\$ 5,138	\$ 138
Interest	200	200	355	155
Total revenues	<u>5,200</u>	<u>5,200</u>	<u>5,493</u>	<u>293</u>
<u>EXPENDITURES:</u>				
Materials and services	<u>59,200</u>	<u>59,200</u>	<u>-</u>	<u>59,200</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(54,000)	(54,000)	5,493	59,493
<u>FUND BALANCES, BEGINNING</u>				
	<u>54,000</u>	<u>54,000</u>	<u>53,744</u>	<u>(256)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,237</u>	<u>\$ 59,237</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Court security	\$ 10,000	\$ 10,000	\$ 9,317	\$ (683)
Interest	650	650	836	186
Total revenues	<u>10,650</u>	<u>10,650</u>	<u>10,153</u>	<u>(497)</u>
<u>EXPENDITURES:</u>				
Materials and services	120,650	120,650	18,334	102,316
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>130,650</u>	<u>130,650</u>	<u>18,334</u>	<u>112,316</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(120,000)	(120,000)	(8,181)	111,819
<u>FUND BALANCES, BEGINNING</u>				
	<u>130,000</u>	<u>130,000</u>	<u>140,939</u>	<u>10,939</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 132,758</u>	<u>\$ 122,758</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, 2016

	<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	\$ 97,974	\$ 57,974
Interest	100	100	338	238
Total revenues	<u>40,100</u>	<u>40,100</u>	<u>98,312</u>	<u>58,212</u>
<u>EXPENDITURES:</u>				
Other requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	40,100	40,100	98,312	58,212
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(40,500)</u>	<u>(40,500)</u>	<u>(40,500)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	(400)	(400)	57,812	58,212
<u>FUND BALANCES, BEGINNING</u>	<u>400</u>	<u>400</u>	<u>25,356</u>	<u>24,956</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,168</u>	<u>\$ 83,168</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, 2016

	<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	\$ 1,316,270	\$ 1,316,270	\$ 1,348,469	\$ 32,199
Interest	1,000	1,000	2,703	1,703
Total revenues	<u>1,317,270</u>	<u>1,317,270</u>	<u>1,351,172</u>	<u>33,902</u>
<u>EXPENDITURES:</u>				
Materials and services	326,870	326,870	23,300	303,570
Capital outlay	<u>290,000</u>	<u>290,000</u>	<u>109,895</u>	<u>180,105</u>
Total expenditures	<u>616,870</u>	<u>616,870</u>	<u>133,195</u>	<u>483,675</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	700,400	700,400	1,217,977	517,577
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(977,000)</u>	<u>(977,000)</u>	<u>(977,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(276,600)	(276,600)	240,977	517,577
<u>FUND BALANCES, BEGINNING</u>				
	<u>276,600</u>	<u>276,600</u>	<u>206,943</u>	<u>(69,657)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,920</u>	<u>\$ 447,920</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, 2016

	<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	\$ 79,876	\$ 79,876	\$ 16,571	\$ (63,305)
Interest	-	-	35	35
Other	-	-	3,322	3,322
Total revenues	<u>79,876</u>	<u>79,876</u>	<u>19,928</u>	<u>(59,948)</u>
<u>EXPENDITURES:</u>				
Materials and services	45,303	45,303	20,782	24,521
Capital outlay	41,647	41,647	-	41,647
Total expenditures	<u>86,950</u>	<u>86,950</u>	<u>20,782</u>	<u>66,168</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(7,074)	(7,074)	(854)	6,220
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	7,074	7,074	7,074	-
Transfers out	-	(7,950)	(7,950)	-
Total other financing sources (uses)	<u>7,074</u>	<u>(876)</u>	<u>(876)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	-	(7,950)	(1,730)	6,220
<u>FUND BALANCES, BEGINNING</u>				
	<u>-</u>	<u>7,950</u>	<u>7,950</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,220</u>	<u>\$ 6,220</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, 2016

	<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	\$ 300,000	\$ 328,950	\$ 476,807	\$ 147,857
Charges for services and other	31,000	31,000	40,509	9,509
Interest	600	600	1,392	792
Other	500	500	650	150
Total revenues	<u>332,100</u>	<u>361,050</u>	<u>519,358</u>	<u>158,308</u>
<u>EXPENDITURES:</u>				
Personal services	302,028	327,028	332,339	(5,311)
Materials and services	96,477	102,977	86,473	16,504
Capital outlay	1,500	33,950	32,489	1,461
Contingency	35,000	-	-	-
Total expenditures	<u>435,005</u>	<u>463,955</u>	<u>451,301</u>	<u>12,654</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(102,905)	(102,905)	68,057	170,962
<u>FUND BALANCES, BEGINNING</u>				
	<u>102,905</u>	<u>102,905</u>	<u>85,634</u>	<u>(17,271)</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,691</u>	<u>\$ 153,691</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Non-Major Capital Projects Funds

June 30, 2016

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.
- **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 Projects Funds

Combining Balance Sheet

June 30, 2016

	<u>Road Equipment Reserve</u>	<u>Computer Equipment Reserve</u>	<u>Program- ming 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>\$337,844</u>	<u>\$ 37,619</u>	<u>\$ 38,414</u>	<u>\$ 133,826</u>	<u>\$ 15,337</u>	<u>\$ 33,068</u>	<u>\$ 40,186</u>	<u>\$ 526</u>	<u>\$ 152,507</u>	<u>\$ 789,327</u>
Total assets	<u><u>\$337,844</u></u>	<u><u>\$ 37,619</u></u>	<u><u>\$ 38,414</u></u>	<u><u>\$ 133,826</u></u>	<u><u>\$ 15,337</u></u>	<u><u>\$ 33,068</u></u>	<u><u>\$ 40,186</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 152,507</u></u>	<u><u>\$ 789,327</u></u>
<u>LIABILITIES AND FUND BALANCES</u>										
<u>LIABILITIES:</u>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,894	\$ -	\$ -	\$ -	\$ 6,894
<u>FUND BALANCES:</u>										
Committed	<u>337,844</u>	<u>37,619</u>	<u>38,414</u>	<u>133,826</u>	<u>15,337</u>	<u>26,174</u>	<u>40,186</u>	<u>526</u>	<u>152,507</u>	<u>782,433</u>
Total liabilities and fund balances	<u><u>\$337,844</u></u>	<u><u>\$ 37,619</u></u>	<u><u>\$ 38,414</u></u>	<u><u>\$ 133,826</u></u>	<u><u>\$ 15,337</u></u>	<u><u>\$ 33,068</u></u>	<u><u>\$ 40,186</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 152,507</u></u>	<u><u>\$ 789,327</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Nonmajor Capital Projects Funds

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

Year Ended June 30, 2016

	<u>Road Equipment Reserve</u>	<u>Computer Equipment Reserve</u>	<u>Program- ming Reserve</u>	<u>STF Vehicle Reserve</u>	<u>Fair Roof Reserve</u>	<u>Heppner Admin. Building</u>	<u>Bleacher Reserve</u>	<u>Fair Improve. Reserve</u>	<u>Building Reserve</u>	<u>Totals</u>
<u>REVENUES:</u>										
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,660
Interest	1,299	242	187	785	93	510	256	14	888	4,274
Total revenues	<u>1,299</u>	<u>242</u>	<u>187</u>	<u>3,445</u>	<u>93</u>	<u>510</u>	<u>256</u>	<u>14</u>	<u>888</u>	<u>6,934</u>
<u>EXPENDITURES</u>										
Capital outlay	9,605	13,750	-	70,570	-	1,352,072	-	6,132	8,027	1,460,156
Debt service	150,000	-	-	-	-	21,258	-	-	-	171,258
Total expenditures	<u>159,605</u>	<u>13,750</u>	<u>-</u>	<u>70,570</u>	<u>-</u>	<u>1,373,330</u>	<u>-</u>	<u>6,132</u>	<u>8,027</u>	<u>1,631,414</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>										
	<u>(158,306)</u>	<u>(13,508)</u>	<u>187</u>	<u>(67,125)</u>	<u>93</u>	<u>(1,372,820)</u>	<u>256</u>	<u>(6,118)</u>	<u>(7,139)</u>	<u>(1,624,480)</u>
<u>OTHER FINANCING SOURCES:</u>										
Loan proceeds	-	-	-	-	-	1,360,530	-	-	-	1,360,530
Transfers in	323,000	20,000	20,000	50,000	2,000	190,000	-	5,000	50,000	660,000
Total other financing sources	<u>323,000</u>	<u>20,000</u>	<u>20,000</u>	<u>50,000</u>	<u>2,000</u>	<u>1,550,530</u>	<u>-</u>	<u>5,000</u>	<u>50,000</u>	<u>2,020,530</u>
<u>NET CHANGE IN FUND BALANCES</u>										
	164,694	6,492	20,187	(17,125)	2,093	177,710	256	(1,118)	42,861	396,050
<u>FUND BALANCES, BEGINNING</u>										
	<u>173,150</u>	<u>31,127</u>	<u>18,227</u>	<u>150,951</u>	<u>13,244</u>	<u>(151,536)</u>	<u>39,930</u>	<u>1,644</u>	<u>109,646</u>	<u>386,383</u>
<u>FUND BALANCES, ENDING</u>										
	<u>\$337,844</u>	<u>\$ 37,619</u>	<u>\$ 38,414</u>	<u>\$ 133,826</u>	<u>\$ 15,337</u>	<u>\$ 26,174</u>	<u>\$ 40,186</u>	<u>\$ 526</u>	<u>\$152,507</u>	<u>\$ 782,433</u>

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, 2016

	<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>\$ 1,299</u>	<u>1,099</u>
Total revenues	<u>200</u>	<u>200</u>	<u>1,299</u>	<u>1,099</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>260,200</u>	<u>255,200</u>	<u>159,605</u>	<u>95,595</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(260,000)</u>	<u>(255,000)</u>	<u>(158,306)</u>	<u>96,694</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>328,000</u>	<u>323,000</u>	<u>323,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>68,000</u>	<u>68,000</u>	<u>164,694</u>	<u>96,694</u>
<u>FUND BALANCES, BEGINNING</u>	<u>55,000</u>	<u>55,000</u>	<u>173,150</u>	<u>118,150</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 123,000</u>	<u>\$ 123,000</u>	<u>\$ 337,844</u>	<u>\$ 214,844</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 80	\$ 80	\$ 242	\$ 162
<u>EXPENDITURES:</u>				
Capital outlay	51,180	51,180	13,750	37,430
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(51,100)	(51,100)	(13,508)	37,592
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	20,000	20,000	20,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(31,100)	(31,100)	6,492	37,592
<u>FUND BALANCES, BEGINNING</u>	31,100	31,100	31,127	27
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,619</u>	<u>\$ 37,619</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 25	\$ 25	\$ 187	\$ 162
<u>EXPENDITURES:</u>				
Capital outlay	38,235	38,235	-	38,235
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(38,210)	(38,210)	187	38,397
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	20,000	20,000	20,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(18,210)	(18,210)	20,187	38,397
<u>FUND BALANCES, BEGINNING</u>	18,210	18,210	18,227	17
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,414</u>	<u>\$ 38,414</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Reimbursements	\$ -	\$ -	\$ 2,660	\$ 2,660
Interest	700	700	785	85
Total revenues	<u>700</u>	<u>700</u>	<u>3,445</u>	<u>2,745</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>151,500</u>	<u>151,500</u>	<u>70,570</u>	<u>80,930</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(150,800)	(150,800)	(67,125)	83,675
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(150,800)	(150,800)	(17,125)	133,675
<u>FUND BALANCES, BEGINNING</u>				
	<u>150,800</u>	<u>150,800</u>	<u>150,951</u>	<u>151</u>
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,826</u>	<u>\$ 133,826</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, 2016

	<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>\$ 45</u>	<u>\$ 45</u>	<u>\$ 93</u>	<u>\$ 48</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>15,245</u>	<u>15,245</u>	<u>-</u>	<u>15,245</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(15,200)</u>	<u>(15,200)</u>	<u>93</u>	<u>15,293</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(13,200)</u>	<u>(13,200)</u>	<u>2,093</u>	<u>15,293</u>
<u>FUND BALANCES, BEGINNING</u>	<u>13,200</u>	<u>13,200</u>	<u>13,244</u>	<u>44</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,337</u>	<u>\$ 15,337</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ 510	\$ 510
Total revenues	-	-	510	510
<u>EXPENDITURES:</u>				
Materials and services	200,000	200,000	31,788	168,212
Capital outlay	900,000	1,350,000	1,341,542	8,458
Total expenditures	1,100,000	1,550,000	1,373,330	176,670
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(1,100,000)	(1,550,000)	(1,372,820)	177,180
<u>OTHER FINANCING SOURCES:</u>				
Loan proceeds	900,000	1,350,000	1,360,530	10,530
Transfers in	190,000	190,000	190,000	-
Total other financing sources	1,090,000	1,540,000	1,550,530	10,530
<u>NET CHANGE IN FUND BALANCES</u>				
	(10,000)	(10,000)	177,710	187,710
<u>FUND BALANCES, BEGINNING</u>				
	10,000	10,000	(151,536)	(161,536)
<u>FUND BALANCES, ENDING</u>				
	\$ -	\$ -	\$ 26,174	\$ 26,174

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, 2016

	<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>\$ 256</u>	<u>\$ 56</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>40,130</u>	<u>40,130</u>	<u>-</u>	<u>40,130</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(39,930)</u>	<u>(39,930)</u>	<u>256</u>	<u>40,186</u>
<u>FUND BALANCES, BEGINNING</u>	<u>39,930</u>	<u>39,930</u>	<u>39,930</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,186</u>	<u>\$ 40,186</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 20	\$ 20	\$ 14	\$ (6)
<u>EXPENDITURES:</u>				
Capital outlay	11,520	11,520	6,132	5,388
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(11,500)	(11,500)	(6,118)	5,382
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	5,000	5,000	5,000	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(6,500)	(6,500)	(1,118)	5,382
<u>FUND BALANCES, BEGINNING</u>				
	6,500	6,500	1,644	(4,856)
<u>FUND BALANCES, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526</u>	<u>\$ 526</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, 2016

	<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	\$ 888	\$ 638
<u>EXPENDITURES</u>				
Capital outlay	160,250	160,250	8,027	152,223
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(160,000)	(160,000)	(7,139)	152,861
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	50,000	50,000	50,000	-
<u>NET CHANGE IN FUND BALANCES</u>	(110,000)	(110,000)	42,861	152,861
<u>FUND BALANCES, BEGINNING</u>	110,000	110,000	109,646	(354)
<u>FUND BALANCES, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,507</u>	<u>\$ 152,507</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Other Schedules
June 30, 2016

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, 2016

	<u>ASSETS</u>			<u>LIABILITIES AND FUND EQUITY</u>		
	<u>Cash and Investments</u>	<u>Taxes Receivable</u>	<u>Total</u>	<u>Payable to Other Agencies</u>	<u>Fund Balance</u>	<u>Total</u>
<u>AGENCY FUNDS:</u>						
Property taxes	\$ -	\$ 596,058	\$ 596,058	\$ 596,058	\$ -	\$ 596,058
Assessments and taxation	17,195	-	17,195	17,195	-	17,195
Treasurer's account	1,060	-	1,060	1,060	-	1,060
Morrow Co. medical fund	6,216	-	6,216	6,216	-	6,216
Other districts, general	8,863	-	8,863	8,863	-	8,863
Other districts, debt service	5,650	-	5,650	5,650	-	5,650
Fire districts, general	493,256	-	493,256	493,256	-	493,256
Cemetery districts	104,447	-	104,447	104,447	-	104,447
Park districts	3,153	-	3,153	3,153	-	3,153
Water control districts	29	-	29	29	-	29
School districts, general	37,475	-	37,475	37,475	-	37,475
School districts, debt service	1,804,734	-	1,804,734	1,804,734	-	1,804,734
Morrow County Unified Recreation	213,172	-	213,172	213,172	-	213,172
North Morrow vector control	1,363	-	1,363	1,363	-	1,363
Ione-Lex Perpetual	24,857	-	24,857	24,857	-	24,857
Finley buttes landfill	1,170,333	-	1,170,333	1,170,333	-	1,170,333
Library district	36,681	-	36,681	36,681	-	36,681
Other	22,917	-	22,917	22,917	-	22,917
Mobile home ombudsman	14	-	14	14	-	14
Total	\$ 3,951,415	\$ 596,058	\$ 4,547,473	\$ 4,547,473	\$ -	\$ 4,547,473

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, 2016

	Cash and Investments June 30, 2015	Additions	Deductions	Cash and Investments June 30, 2016
<u>AGENCY FUNDS:</u>				
Property taxes	\$ -	\$ 31,210,290	\$ 31,210,290	\$ -
Assessments and taxation	14,114	62,585	59,504	17,195
Treasurer's account	1,048	17	5	1,060
Morrow Co. Health District	7,240	1,807,229	1,808,253	6,216
Other districts, general	12,388	2,475,331	2,478,856	8,863
Other districts, debt service	6,073	701,594	702,017	5,650
Fire districts, general	497,401	1,606,500	1,610,645	493,256
Cemetery districts	83,424	152,219	131,196	104,447
Library districts	16,929	486,332	466,580	36,681
Park districts	2,031	1,273,049	1,271,927	3,153
Water control districts	33	8,719	8,723	29
School districts, general	44,938	10,523,938	10,531,401	37,475
School districts, debt service	1,720,159	2,740,122	2,655,547	1,804,734
Morrow County Unified Recreation	168,069	920,103	875,000	213,172
North Morrow vector control	1,660	414,398	414,695	1,363
Ione-Lex Perpetual	21,157	3,700	-	24,857
Morrow County Enterprise Zone	83,000	283,525	366,525	-
Finley buttes landfill	1,162,889	7,444	-	1,170,333
Other	25,002	929,369	931,454	22,917
Mobile home ombudsman	19	3,582	3,587	14
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,867,574</u>	<u>\$ 55,610,046</u>	<u>\$ 55,526,205</u>	<u>\$ 3,951,415</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Accountability -- County Treasurer

Cash Transactions

Year Ended June 30, 2016

<u>COUNTY FUNDS:</u>	Cash Balance <u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2016</u>
General	4,378,292	13,192,934	11,703,278	\$ 5,867,948
Heritage	17,538	111	216	17,433
Road Fund Equipment	173,150	324,299	159,605	337,844
General Road	1,184,255	4,779,633	4,971,764	992,124
Finley Buttes Road	1,110,445	336,125	200,000	1,246,570
Juvenile Services Commission	65,737	421	-	66,158
Airport	4,152	58,233	53,324	9,061
Law Library	34,128	6,930	8,316	32,742
911 Emergency Telephone	129,938	385,238	472,735	42,441
Surveyor Preservation	220,440	15,880	34,775	201,545
Finley Buttes license fee	236,839	1,360,684	1,563,227	34,296
County School	103	182,292	182,314	81
Ione School	10	18,222	18,224	8
Fair	63,926	175,070	154,828	84,168
Computer Equipment Reserve	31,127	20,242	13,750	37,619
Special Transportation	7,237	262,499	210,296	59,440
Programming Reserve	18,227	33,937	13,750	38,414
Alcohol Enforcement	22,921	698	1,054	22,565
Video Lottery	13,941	79,380	53,565	39,756
Victim/Witness Assistance	6,514	63,470	79,924	(9,940)
Willow Creek Wind	2,843	152,977	154,190	1,630
CAMI Grant	64,129	40,274	88,428	15,975
STF Vehicle Reserve	150,951	53,445	70,570	133,826
Roof Reserve	13,244	2,093	-	15,337
Heppner Admin Building	97,434	1,540,510	1,604,876	33,068
Safety committee	16,923	7,156	6,197	17,882
Bleacher Reserve	39,930	256	-	40,186
Rodeo	23,554	91,903	66,881	48,576
Justice Court	116,220	350,597	410,981	55,836
Clerks Records	11,767	1,899	-	13,666
DUII Impact	23,620	1,054	144	24,530
Fair Improvement Reserve	3,245	5,014	7,733	526
Building Permit Fees	341,236	109,661	10,000	440,897
Park	87,407	1,005,981	837,133	256,255
Equity	325,006	54,627	284,499	95,134
Building Reserve	109,688	59,131	16,312	152,507
Liquor Control	799	6	-	805
Water Planning	1,350	25,908	5,000	22,258
Forest Service	53,744	5,493	-	59,237
Court Security	139,201	11,012	18,331	131,882
Echo Wind Fees	25,356	126,686	97,413	54,629
Shepherds Flat Fees	206,943	1,716,178	1,475,001	448,120
STO Operating Grant	(5,550)	40,049	31,601	2,898
Community Corrections	97,168	531,888	446,098	182,958
Total County Funds	<u>9,665,128</u>	<u>27,230,096</u>	<u>25,526,333</u>	<u>11,368,891</u>
<u>AGENCY FUNDS</u>	<u>3,867,574</u>	<u>55,610,046</u>	<u>55,526,205</u>	<u>3,951,415</u>
County Treasurer Totals	<u>\$ 13,532,702</u>	<u>\$ 82,840,142</u>	<u>\$ 81,052,538</u>	<u>\$ 15,320,306</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Accountability -- Other Elected Officials

Cash Transactions

Year Ended June 30, 2016

	<u>Sheriff</u>
<u>CASH BALANCE, JUNE 30, 2015</u>	<u>\$ 9,066</u>
<u>CASH RECEIPTS</u>	<u>80,116</u>
<u>CASH DISBURSEMENTS:</u>	
Turnover to County Treasurer	<u>87,545</u>
<u>CASH BALANCE, JUNE 30, 2016</u>	<u><u>\$ 1,637</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Cash and Investments
June 30, 2016

County Treasurer	\$ 15,320,306
Other elected officials	1,637
Cash on hand, various funds	<u>1,899</u>
Total cash and investments	<u><u>\$ 15,323,842</u></u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Property Tax Transactions and Outstanding Balances
Year Ended June 30, 2016

<u>Fiscal Year</u>	<u>Property Taxes Receivable July 1, 2015</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, 2016</u>
2015-16	\$ -	\$ 32,228,046	\$ (892,376)	\$ (319,407)	\$ (30,592,595)	\$ 423,668
2014-15	324,840	-	-	(15,560)	(124,996)	184,284
2013-14	200,012	-	-	(2,629)	(70,955)	126,428
2012-13	133,857	-	-	(2,438)	(77,855)	53,564
2011-12	64,437	-	-	(1,249)	(58,317)	4,871
2010-11	4,836	-	-	(1,250)	(926)	2,660
2009-10	1,630	-	-	(278)	(791)	561
Prior years	4,695	-	-	(359)	(836)	3,500
	<u>\$ 734,307</u>	<u>\$ 32,228,046</u>	<u>\$ (892,376)</u>	<u>\$ (343,170)</u>	<u>\$ (30,927,271)</u>	<u>\$ 799,536</u>

County Summary:

County Operations	\$ 185,173	\$ 8,226,864	\$ (227,797)	\$ (87,965)	\$ (7,892,797)	\$ 203,478
Agency Funds	549,134	24,001,182	(664,579)	(255,205)	(23,034,474)	596,058
	<u>\$ 734,307</u>	<u>\$ 32,228,046</u>	<u>\$ (892,376)</u>	<u>\$ (343,170)</u>	<u>\$ (30,927,271)</u>	<u>\$ 799,536</u>

See accompanying independent auditor's report.

MORROW COUNTY, OREGON

Schedule of Property Taxes Receivable -- By Fund
June 30, 2016

General fund	\$ 201,128
County school fund	616
Ione school fund	60
Fair fund	<u>1,674</u>
Sub-total	203,478
Agency funds	<u>596,058</u>
Total	<u><u>\$ 799,536</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
Heppner, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2016, 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 February 3, 2017.

Internal Control Over Financial Reporting

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

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

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

County Commissioners
Morrow County
Page two

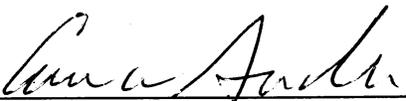
Compliance and Other Matters

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

Purpose of this Report

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

Barnett & Moro, P.C.

By  _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
February 3, 2017

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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

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, 2016, and have issued our report thereon dated February 3, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

County Commissioners
Morrow County
Page two

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

OAR 162-10-0230 Internal Control

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

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

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

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

Barnett & Moro, P.C.

By: 
Cameron W. Anderson, Shareholder
Hermiston, Oregon
February 3, 2017

SINGLE AUDIT SECTION

MORROW COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

<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		\$ 150,737
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Crime victim assistance	16.575		\$ 6,752
<u>U.S. DEPARTMENT OF ENERGY:</u>			
Office of environmental waste processing	81.104		\$ 5,600
<u>U.S. DEPARTMENT OF VETERAN AFFAIRS</u>			
Grants for Transportation in Highly Rural Areas	64.035		\$ 44,517
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Oregon Health Authority:			
Public health emergency preparedness	93.069		\$ 67,937
Emergency preparedness aligned cooperative agreements	93.074		6,501
Family planning services	93.217		21,469
MCH block grant	93.994		21,392
MIECHV	93.505		92,418
Block grants for community mental health services	93.958		76,678
SAPT Block Grant	93.959		126,820
			<u>413,215</u>
Oregon Department of Justice:			
Child support enforcement	93.563		63,064
			<u>\$ 476,279</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Federal Lands Access Program	20.224		\$ 245,000
<u>U.S. GENERAL SERVICES ADMINISTRATION</u>			
Flood Control projects	12.106		\$ 2,342
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>			
Payment in Lieu of Taxes	15.226	X	\$ 307,219
			<u>\$ 1,238,446</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, 2016

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
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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.

**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, 2016. 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

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, 2016.

Report on Internal Control Over Compliance

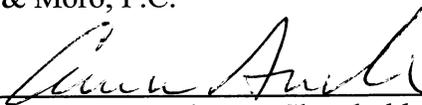
Management of Morrow County, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Morrow County, Oregon's internal control over 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
February 3, 2017

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X yes no

Section II-Financial Statement Findings

There are no financial statement findings for the year ended June 30, 2016.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs for the year ended June 30, 2016.

MORROW COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2016

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2015.

FINDINGS:

There were no findings for the year ended June 30, 2015.