



McMinnville, Oregon

**ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018**

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**YAMHILL COUNTY
OFFICERS AND MEMBERS OF THE GOVERNING BODY**

For the Year Ended June 30, 2018

COUNTY ADMINISTRATOR

Laura Tschabold

BOARD OF COMMISSIONERS

TERM EXPIRATION

Mary Starrett

January 6, 2019

Stan Primozych

January 6, 2019

Richard Olson

January 6, 2021

*All board members receive their mail at the county address.

OTHER ELECTED OFFICIALS

Derrick Wharff Assessor
Brian Van Bergen, Clerk
Tim Svenson, Sheriff
Mike Green, Treasurer
Brad Berry, District Attorney

COUNTY ADDRESS

535 E 5th Street
McMinnville, OR 97128

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YAMHILL COUNTY

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Yamhill County
McMinnville, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of YAMHILL COUNTY, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of YAMHILL COUNTY, as of June 30, 2018, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General, Road, and Health and Human Services Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1Q to the financial statements, the County implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages *i* to *viii* and the schedules on pages 60 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic 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, 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 financial statements and individual fund schedules and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates 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 financial statements and individual fund 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 10, 2018, on our consideration of the County's compliance with certain provisions of laws and regulation, 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon

By:



Bradley G. Bingenheimer, Member

December 10, 2018, except for our report on the schedule of expenditures of federal awards that is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for which the date is May 28, 2019.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of Yamhill County, we offer readers of Yamhill County's financial statements this narrative overview and analysis of the financial activities of Yamhill County for the fiscal year ended June 30, 2018.

Financial Highlights

- The County's total assets and deferred outflows of resources at June 30, 2018 decreased \$2.9 million from \$200.8 million to \$197.9 million. The primary change was the result of a \$5.4 million decrease in deferred outflows of the pension plan due to the net difference between projected and actual earnings on pension plan investments.
- The County's total liabilities and deferred inflows of resources decreased \$3.0 million from \$47.4 million to \$44.4 million. The primary change was due to a \$3.2 million decrease in the net pension liability.
- The total net position of the County (assets and deferred outflows of resources less liabilities and deferred inflows of resources) at June 30, 2018 increased \$.1 million from \$153.4 million to \$153.5 million. The County's unrestricted portion of net position is \$.4 million, while restricted net position is \$22.2 million, both of which may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2018, the County's governmental funds reported combined ending fund balances of \$41.8 million, a decrease of \$1 million. Approximately \$18.9 million is available for spending by the board.
- At June 30, 2018, the General Fund's fund balance was \$17.2 million, an increase of \$1.3 million from the previous year. Spendable fund balance for the General Fund is \$16.6 million or 48.2 percent of General Fund total revenues.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of Yamhill County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 Yamhill 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 property taxes and earned but unused earned time off).

Both of the government-wide financial statements distinguish functions of Yamhill County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Yamhill County include general government; public safety; highways and streets; health and welfare; parks, culture and recreation; and education. The business-type activity of Yamhill County is the Cove Orchard Sewer Service District.

The government-wide financial statements include not only Yamhill County itself (known as the primary government), but also Yamhill County Extension Service District for which Yamhill County is financially accountable. Financial information for this component unit is discretely presented in the County's financial statements as a nonmajor special revenue fund. The government-wide financial statements also include the Cove Orchard Sewer Service District. Although legally separate, they function for all practical purposes as a department of Yamhill County and are reported as a component unit discretely presented in the County's financial statements as a major enterprise fund.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations can be found on pages 3 and 5 of this report.

Yamhill County maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road, Health and Human Services, and the Capital Improvement funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 3 and 4 of this report. Individual fund data for each of the non-major governmental funds can be found pages 67 and 68, and 79 - 91 of this report.

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

Proprietary funds provide the same type of information as reported for the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statement provide separate information for the Cove Orchard Sewer Service District. The proprietary fund financial statements can be found on pages 10 - 13 of this report. Individual data for the internal service funds can be found pages 93 - 96 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Yamhill County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 14 of this report. The statement of changes in assets and liabilities in agency funds can be found can be found on page 100 of this report.

Budgetary comparisons. Yamhill County adopts an annual appropriated budget for all its funds except for agency funds. To demonstrate compliance, budgetary comparison statements have been provided for the General Fund and major special revenue funds as part of the basic financial statements on pages 6 - 9. All other budgetary comparison schedules can be found pages 67 – 68, 78 – 92, and 97 - 99 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found pages 15 - 59 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in the form of schedules relating to pensions and other postemployment benefits that can be found on pages 60 – 64 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found on pages 62 - 96 of this report.

Government-wide Financial Analysis (Statement of Net Position)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Yamhill County, assets exceeded liabilities and deferred inflow and outflows by \$153.5 million at the close of the fiscal year.

By far the largest portion of Yamhill County's net position (85.3 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. Yamhill County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although Yamhill County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 14.5 percent of the Yamhill County's net position represents resources that are subject to external restrictions on how those resources may be used. The remaining balance of unrestricted net position, \$.4 million, may be used to meet the government's ongoing obligations to citizens and creditors.

Yamhill County, Oregon
Management's Discussion and Analysis (Continued)
June 30, 2018

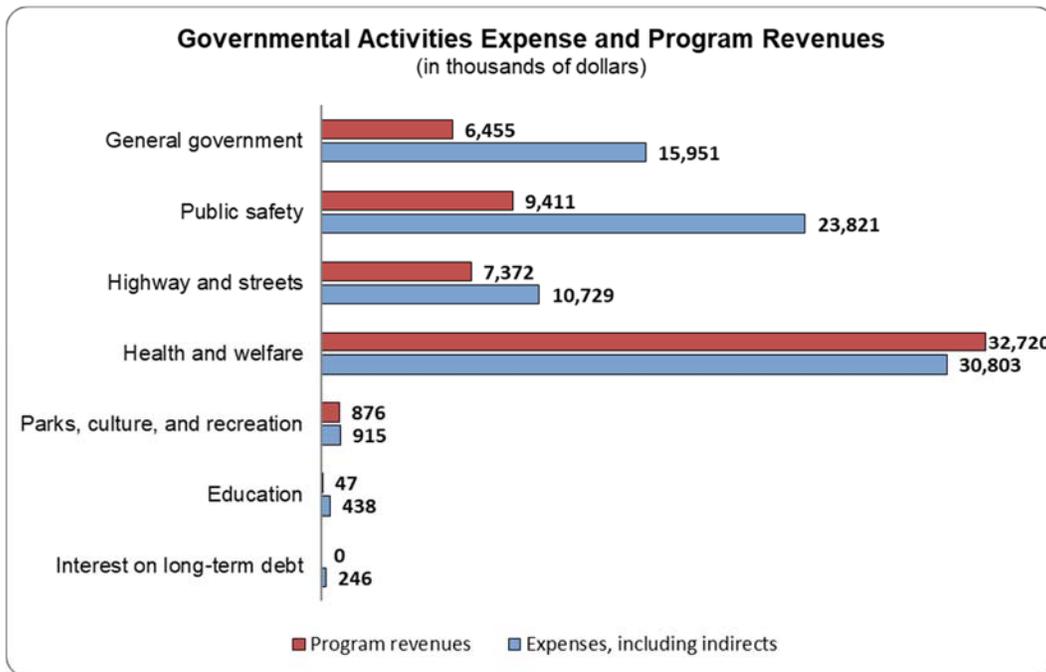
Yamhill County's Net Position						
(In thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 56,457	\$ 54,772	\$ 90	\$ 91	\$ 56,547	\$ 54,863
Capital assets	<u>130,884</u>	<u>130,113</u>	<u>88</u>	<u>90</u>	<u>130,972</u>	<u>130,203</u>
Total assets	<u>187,341</u>	<u>184,885</u>	<u>178</u>	<u>181</u>	<u>187,519</u>	<u>185,066</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>10,419</u>	<u>15,765</u>	<u>-</u>	<u>-</u>	<u>10,419</u>	<u>15,765</u>
LIABILITIES						
Current liabilities	5,375	5,657	-	-	5,375	5,657
Noncurrent liabilities	<u>37,573</u>	<u>40,121</u>	<u>1</u>	<u>1</u>	<u>37,574</u>	<u>40,122</u>
Total liabilities	<u>42,948</u>	<u>45,778</u>	<u>1</u>	<u>1</u>	<u>42,949</u>	<u>45,779</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,436</u>	<u>1,616</u>	<u>-</u>	<u>-</u>	<u>1,436</u>	<u>1,616</u>
NET POSITION						
Net investment in capital assets	130,884	130,113	88	90	130,972	130,203
Restricted	22,227	24,907	-	-	22,227	24,907
Unrestricted	<u>265</u>	<u>(1,764)</u>	<u>89</u>	<u>90</u>	<u>354</u>	<u>(1,674)</u>
Total net position	<u>\$153,376</u>	<u>\$153,256</u>	<u>\$ 177</u>	<u>\$ 180</u>	<u>\$153,553</u>	<u>\$153,436</u>

At the end of the current and prior fiscal years, the County is able to report positive balances in net position in the net investment in capital assets category and the restricted category for both the government as a whole and for its separate governmental and business-type activities. At June 30, 2017, the governmental activities reported a negative balance in unrestricted net position of \$1.8 million.

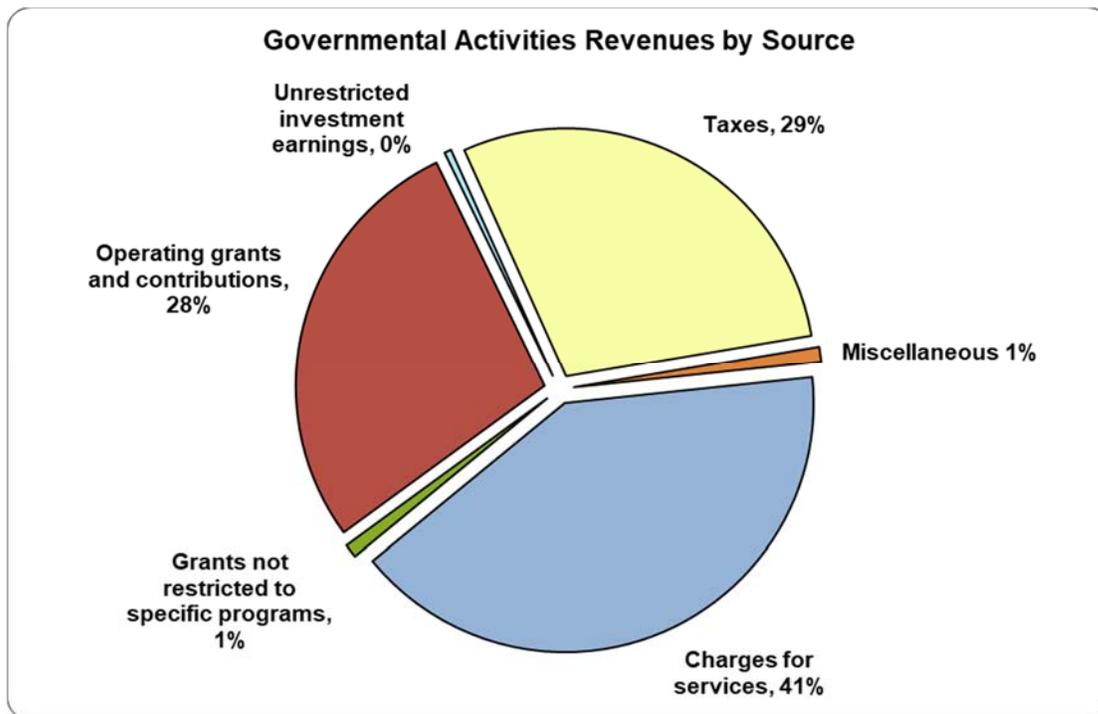
Yamhill County, Oregon
Management's Discussion and Analysis (Continued)
June 30, 2018

Yamhill County's Changes in Net Position						
(In thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 33,760	\$ 34,181	\$ 48	\$ 49	\$ 33,808	\$ 34,230
Operating grants and contributions	23,121	21,014	-	-	23,121	21,014
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Taxes	24,088	22,499	-	-	24,088	22,499
Unrestricted investment earnings	373	625	1	1	374	626
Grants not restricted to specific programs	738	518	-	-	738	518
Miscellaneous	815	803	-	-	815	803
Total revenues	<u>82,895</u>	<u>79,640</u>	<u>49</u>	<u>50</u>	<u>82,944</u>	<u>79,690</u>
Expenses:						
General government	15,951	15,293	-	-	15,951	15,293
Public safety	23,821	24,355	-	-	23,821	24,355
Highways and streets	10,729	11,651	-	-	10,729	11,651
Health and welfare	30,803	29,397	-	-	30,803	29,397
Parks, cultural, and recreation	915	771	-	-	915	771
Education	438	386	-	-	438	386
Interest on long-term debt	246	181	-	-	246	181
Sewer	-	-	52	52	52	52
Total expenses	<u>82,903</u>	<u>82,034</u>	<u>52</u>	<u>52</u>	<u>82,955</u>	<u>82,086</u>
Change in net position before transfers	(8)	(2,394)	(3)	(2)	(11)	(2,396)
Transfers in (out)	-	-	-	-	-	-
Change in net position	<u>(8)</u>	<u>(2,394)</u>	<u>(3)</u>	<u>(2)</u>	<u>(11)</u>	<u>(2,396)</u>
Net position – beginning of year, as previously reported	153,256	155,650	180	182	153,436	155,832
Prior period adjustment	128	-	-	-	128	-
Net position beginning of year, as restated	<u>153,384</u>	<u>155,650</u>	<u>180</u>	<u>182</u>	<u>153,564</u>	<u>155,832</u>
Net position end of year	<u>\$153,376</u>	<u>\$153,256</u>	<u>\$ 177</u>	<u>\$ 180</u>	<u>\$153,553</u>	<u>\$153,436</u>

Governmental activities. Net position in governmental activities increased \$.1 million. This increase is due primarily to a prior period adjustment that resulted from the restatement of opening balances as required by a new professional standard that changed the accounting guidelines for other postemployment benefits. See Note 1.Q. for more information.

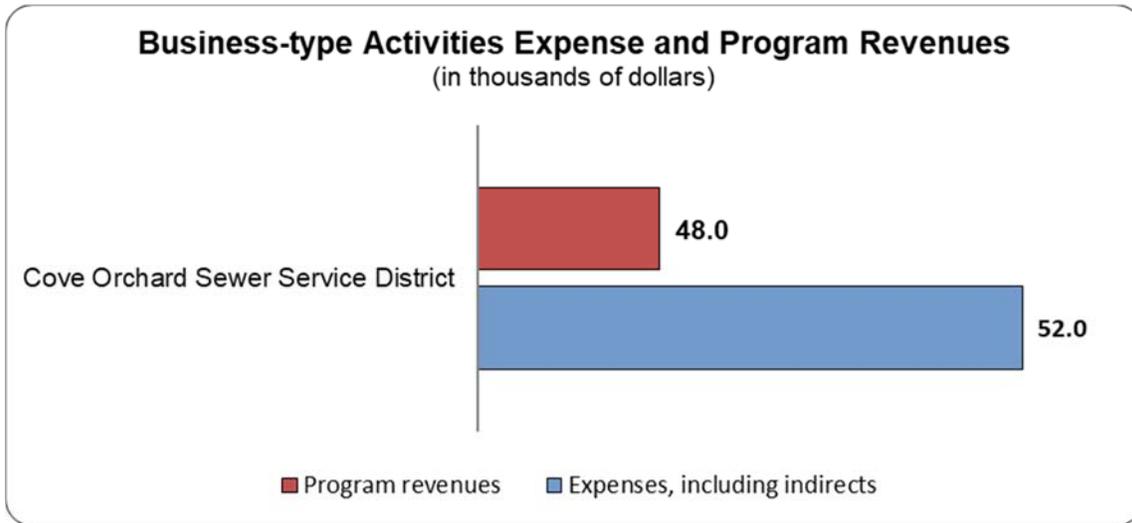


As illustrated above, all governmental activities with the exception of Health and Welfare relied on general revenues to support the function.

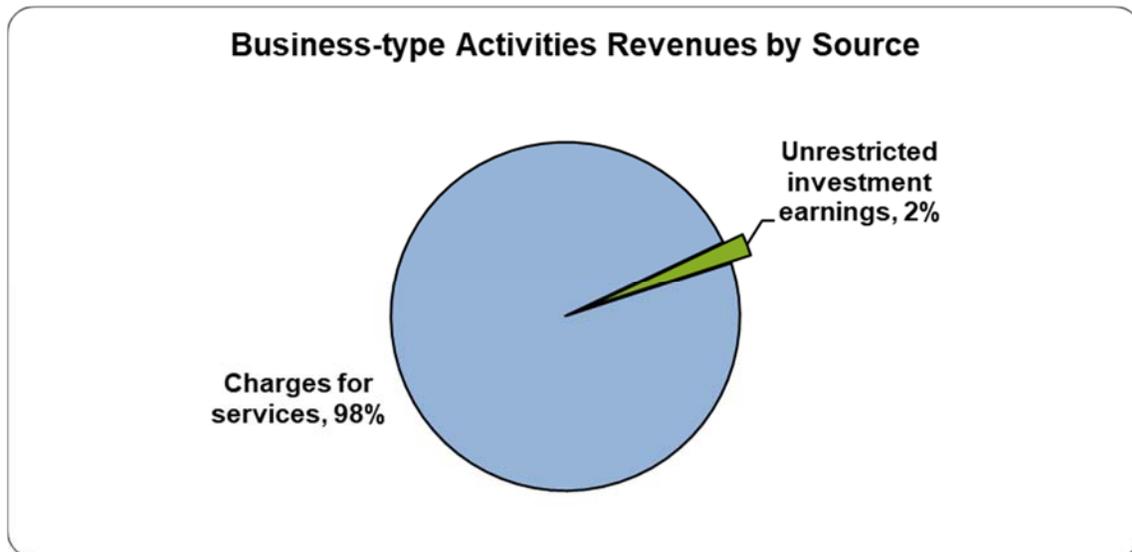


41 percent of revenues for governmental activities come from charges for service and 28 percent come from operating grants and contributions which includes, among other items, health and welfare grants and contributions, state gas tax, and road grant revenues. Taxes make up only 29 percent of overall revenues from governmental activities.

Business-type activities. Business-type activities decreased the County's net position by \$3,193.



During fiscal year 2018 the Cove Orchard Sewer Service District did not generate sufficient program revenues to cover operating expenses due to increased repairs and maintenance costs required on the aging septic system.



Approximately 98 percent of all revenues of business-type activities comes from charges for services.

Financial Analysis of the Government's Funds

Yamhill County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$41.8 million, a decrease of \$1.0 million over the prior year. Approximately \$18.9 million constitutes spendable, non-restricted fund balance which is available for appropriation in the subsequent year by the Board of County Commissioners. The remaining fund balance is either externally restricted by creditors, grantors, contributors, or laws/regulations, or is internally restricted by law through constitutional provisions or enabling legislation (\$21.8 million), or is not available for new spending because it represents amounts that have already been spent (\$.2 million in inventory, \$.2 million in prepaid items, and .7 million in advances to other funds).

The **General Fund** is the chief operating fund of Yamhill County. At the end of the current fiscal year, the fund balance of the General Fund was \$17.2 million, of which \$16.6 is spendable, non-restricted. As a measure of the General Fund's ability to liquidate fund liabilities, it may be useful to compare both spendable, non-restricted fund balance to total fund revenues. At the end of the current fiscal year, spendable, non-restricted fund balance represented 48.2 percent of total General Fund revenues and total fund balance represents 50.0 percent of those same revenues.

The fund balance of the General Fund increased \$1.3 million from the prior year. Most of this increase was the result of an increase in property taxes of \$1.1 million over the prior year.

The **Road Fund** maintains the county road system. As of June 30, 2018, the ending fund balance in the Road Fund was \$3.5 million which decreased \$1.8 million from the previous year. The decrease was due predominantly to large capital outlay projects in the current year including \$1.3 million for a Public Works shop building.

The **Health and Human Services Fund** provides health service to the residents of the County and has a fund balance of \$11.6 million as of June 30, 2018, a modest decrease of \$.5 million from the prior year due to increased payments to service providers in the current year.

The **Capital Improvement Fund** is used to account for revenues and expenditures associated with major capital items and the repair and remodeling of facilities and has a fund balance of \$2.3 million, an increase of \$.1 million during the year.

The remaining funds, reported as non-major, consist of various programs which have dedicated intergovernmental revenues. The aggregated fund balances of these programs is \$7.2 million which is a decrease of \$.1 million from the previous year.

Proprietary funds. The information presented in the proprietary funds statement is similar to that in the government-wide financial statements, but provides greater detail.

The Cove Orchard Sewer Service District is the County's only enterprise fund and reported an ending fund net position of \$.2 million of which \$.1 million is unrestricted.

Yamhill County, Oregon
Management's Discussion and Analysis (Continued)
 June 30, 2018

At June 30, 2018, the County's proprietary funds reported unrestricted net positions as follows. Unrestricted net positions are presented both as an amount and as a percentage of total net position for each fund.

	Unrestricted Net		
	Position	Total Net Position	Percent
Cove Orchard Sewer	\$ 89,025	\$ 176,774	50.4%
Telecommunications	555,914	893,080	62.2%
Self-insurance	5,606,382	5,606,382	100.0%
Motor Vehicle Replacement	1,838,371	3,673,724	50.0%
	<u>\$ 8,089,692</u>	<u>\$ 10,349,960</u>	

General Fund Budgetary Highlights

There were no major changes to the budget during fiscal 2017-18. Overall expenditures and transfer out were \$35,190,647 or 19.7 percent less than budgeted. This can be contributed to budgeting for grants applied for, but not received and conservative budgeting by many of the County's department heads and managers. This also includes \$1,162,552 which was budgeted for contingencies which remained unused at year end.

Capital Assets and Debt Administration

Capital assets. Yamhill County's investment in capital assets for its governmental and business-type activities as June 30, 2018 amounted to \$131.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, bridges and culverts.

Yamhill County's Capital Assets (Net of Depreciation) (In thousands)						
	Governmental Activities		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Capital assets not being depreciated	\$ 53,338	\$ 49,933	\$ 78	\$ 78	\$ 53,416	\$ 50,011
Building	13,882	14,864	-	-	13,882	14,864
Machinery and equipment	6,128	4,988	-	-	6,128	4,988
Infrastructure	57,536	60,328	10	12	57,546	60,340
Total net position	<u>\$130,884</u>	<u>\$130,113</u>	<u>\$ 88</u>	<u>\$ 90</u>	<u>\$130,972</u>	<u>\$130,203</u>

Additional information on Yamhill County's capital assets can be found in note 4 on pages 30 and 31 of this report.

Long-term debt. Yamhill County's total long-term obligations as of June 30, 2018 amounts to \$37.6 million. Of this amount, \$25.3 million represents the net pension liability and \$1.6 million represents other the postemployment benefit liability. Other long-term liabilities include \$7.6 million owed to the Oregon Department of Transportation for the Newberg-Dundee Bypass project that was completed in the current fiscal year, \$1.4 million in estimated post-closure care costs of the County's closed landfills, and \$1.6 million in accumulated compensated absences.

Additional information on Yamhill County's long-term debt can be found in note 5 on pages 31 and 32 of this report.

Economic Factors and Next Year's Budgets and Rates

Unemployment rates continue to fall. In August 2018, the unemployment rate for Yamhill County was 3.7 percent, which was down from 4.1 percent the year before and 4.9 percent two years ago. The August 2018 rate is above the state's unemployment rate of 3.8 percent and the national rate of 3.9 percent.

Following are the major factors and assumptions used in developing the fiscal year 2019 budget:

The Adopted Budget is \$138.0 million, including expenditures, transfers and reserves for all funds. Revenues are budgeted based on actual experience, and realistic revenue forecasts based on external sources when appropriate (e.g., Oregon Department of Revenue). Total requirements increased by \$10.3 million, or 8.0 percent compared to the prior year. This amount matches available resources and therefore meets the Oregon State Budget Law requirement for a balanced budget.

Revenue consists of property and other taxes, grants and contributions, charges for services, investment earnings, and fund balances carried forward from the prior year. Total budgeted revenues are \$153.1 million, a \$12.4 million (8.8 percent) increase over the prior year.

Property tax collections are based on the County's permanent tax rate under voter approved Measure 50 and is set at \$2.5775 per \$1,000 of Assessed Value (AV). The County is expecting to see property tax revenues grow by approximately 5.0 percent due to a strong housing market.

Grants and contributions come primarily in the form of federal and state specific use grants. As a result, most of these revenues are restricted to meet program requirements as directed by the agreements that govern them. These revenues are budgeted based on projections of available grant dollars at the federal, state, and local level.

Charges for services are for specific activities rendered to residents, including solid waste fees, document record fees, dog control licensing, and County Fair charges. Fees are set either by statute or by the Board of Commissioners to recover the costs of the operation.

Investment earnings in bond markets have been very strong. The County is budgeting for 5 percent growth in these revenues.

Expenditures consists of personnel services, materials and services, capital, and debt service.

Personnel services, which consist of employee wages and benefits, total \$59.2 million, or 38.7 percent of the County's total expenditure budget. This represents growth of 7.6 percent when compared to the fiscal year 2018 budget. The County's services, like most governmental agencies, are labor intensive. COLAs between 1 percent and 3 percent have been factored in based on the bargaining unit. Benefit costs include social security, Medicare, medical insurance, retirement, and other employer paid benefits. Medical insurance costs are projected to increase approximately .5 percent during the year. Pension expenses are unchanged because we are between actuarial valuations at the Public Employee Retirement System (PERS). The County continues to reserve funds in anticipation of future PERS increases and will begin to use a portion of those reserves as needed.

Materials and services total \$50.3 million and represents 32.9 percent of the overall expenditure budget, an increase of \$4.8 million, or 10.5 percent from fiscal year 2018. This increase is funded mainly by state and federal grants in the Health and Human Services department to provide services to citizens in need.

Yamhill County, Oregon

Management's Discussion and Analysis (Continued)

June 30, 2018

Capital expenditures are cyclical and can vary greatly from year to year. Capital expenditures are budgeted at \$15.2 million for various purchases and improvements that make up 10.0 percent of the County's overall expenditure budget. This is a \$.3 million increase, or 1.8 percent growth over the prior year. The major types of capital items include infrastructure improvements to roads and bridges, building renovation and improvements, heavy equipment for the Public Works department, buses for the transit department, and vehicles and data processing equipment for a variety of departments.

Request for Information

This financial report is designed to provide a general overview of Yamhill County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Michael Barnhart, Finance Manager
Yamhill County Administration
536 NE 5th Street
McMinnville, OR 97128

Email: barnhartm@co.yamhill.or.us
Website: www.co.yamhill.or.us

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BASIC FINANCIAL STATEMENTS

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YAMHILL COUNTY

**STATEMENT OF NET POSITION
June 30, 2018**

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,951,032	\$ 35,950	\$ 27,986,982
Investments	23,209,840	31,274	23,241,114
Receivables	4,771,371	22,887	4,794,258
Inventory	207,972	-	207,972
Prepaid items	209,595	-	209,595
Net other postemployment benefit asset	106,822	-	106,822
Capital assets:			
Capital assets, not being depreciated	53,337,754	78,356	53,416,110
Other capital assets, net	<u>77,546,384</u>	<u>9,393</u>	<u>77,555,777</u>
TOTAL ASSETS	<u>187,340,770</u>	<u>177,860</u>	<u>187,518,630</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	10,193,940	-	10,193,940
Other postemployment benefit related items	<u>225,391</u>	<u>-</u>	<u>225,391</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,419,331</u>	<u>-</u>	<u>10,419,331</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	2,863,567	732	2,864,299
Payroll and related liabilities	2,355,958	233	2,356,191
Accrued interest payable	85,977	-	85,977
Deposits payable	69,834	-	69,834
Long-term obligations:			
Due within one year	2,316,914	121	2,317,035
Due in more than one year	<u>35,256,009</u>	<u>-</u>	<u>35,256,009</u>
TOTAL LIABILITIES	<u>42,948,259</u>	<u>1,086</u>	<u>42,949,345</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	1,257,254	-	1,257,254
Other postemployment benefit related items	147,023	-	147,023
Unavailable revenue	<u>31,873</u>	<u>-</u>	<u>31,873</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,436,150</u>	<u>-</u>	<u>1,436,150</u>
<u>NET POSITION</u>			
Investment in capital assets	130,884,138	87,749	130,971,887
Restricted for:			
Highways and streets	3,486,416	-	3,486,416
Schools and education	79,680	-	79,680
Health services	15,069,903	-	15,069,903
Grants	76,840	-	76,840
Public safety	2,154,801	-	2,154,801
Capital projects	290,047	-	290,047
Other purposes	1,068,389	-	1,068,389
Unrestricted	<u>265,478</u>	<u>89,025</u>	<u>354,503</u>
TOTAL NET POSITION	<u>\$ 153,375,692</u>	<u>\$ 176,774</u>	<u>\$ 153,552,466</u>

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
General government	\$ 15,951,224	\$ 3,905,229	\$ 2,550,323	\$ (9,495,672)		\$ (9,495,672)
Public safety	23,820,539	3,918,730	5,491,594	(14,410,215)		(14,410,215)
Highways and streets	10,728,851	212,551	7,158,648	(3,357,652)		(3,357,652)
Health and welfare	30,802,700	25,016,934	7,702,963	1,917,197		1,917,197
Parks, culture, and recreation	915,430	658,594	217,308	(39,528)		(39,528)
Education	437,529	47,029	-	(390,500)		(390,500)
Interest on long-term obligations	246,467	-	-	(246,467)		(246,467)
TOTAL GOVERNMENTAL ACTIVITIES	<u>82,902,740</u>	<u>33,759,067</u>	<u>23,120,836</u>	<u>(26,022,837)</u>		<u>(26,022,837)</u>
Business-type activities						
Sewer	52,040	48,387	-		\$ (3,653)	(3,653)
Totals	<u>\$ 82,954,780</u>	<u>\$ 33,807,454</u>	<u>\$ 23,120,836</u>	<u>(26,022,837)</u>	<u>(3,653)</u>	<u>(26,026,490)</u>
General revenues						
Taxes				22,182,544	-	22,182,544
Miscellaneous taxes				1,904,548	-	1,904,548
Grants and contributions not restricted for specific programs				738,576	-	738,576
Investment earnings				373,302	313	373,615
Miscellaneous				814,983	253	815,236
Transfers				106	(106)	-
TOTAL GENERAL REVENUES AND TRANSFERS				<u>26,014,059</u>	<u>460</u>	<u>26,014,519</u>
CHANGES IN NET POSITION				(8,778)	(3,193)	(11,971)
NET POSITION - BEGINNING				153,256,242	179,967	153,436,209
PRIOR PERIOD ADJUSTMENT				128,228	-	128,228
NET POSITION - ENDING				<u>\$ 153,375,692</u>	<u>\$ 176,774</u>	<u>\$ 153,552,466</u>

See accompanying notes

YAMHILL COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General	Road	Health and Human Services	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 9,529,700	\$ 2,526,673	\$ 6,093,214	\$ 2,124,490	\$ 3,834,740	\$ 24,108,817
Investments	7,825,271	1,627,741	5,298,651	1,848,112	3,333,827	19,933,602
Receivables	2,447,987	671,482	1,447,390	800	73,463	4,641,122
Inventory	-	207,972	-	-	-	207,972
Prepaid items	166,100	-	5,184	-	38,031	209,315
Advances to other funds	451,937	-	-	-	276,579	728,516
TOTAL ASSETS	<u>\$ 20,420,995</u>	<u>\$ 5,033,868</u>	<u>\$ 12,844,439</u>	<u>\$ 3,973,402</u>	<u>\$ 7,556,640</u>	<u>\$ 49,829,344</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 993,282	\$ 1,405,470	\$ 251,082	\$ 103,837	\$ 91,543	\$ 2,845,214
Payroll and related liabilities	1,014,553	111,635	995,896	43,149	183,688	2,348,921
Deposits	925	4,550	-	-	64,359	69,834
Advances from other funds	-	-	-	1,511,507	-	1,511,507
TOTAL LIABILITIES	<u>2,008,760</u>	<u>1,521,655</u>	<u>1,246,978</u>	<u>1,658,493</u>	<u>339,590</u>	<u>6,775,476</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue	1,218,768	-	-	-	51,776	1,270,544
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,218,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,776</u>	<u>1,270,544</u>
<u>FUND BALANCES</u>						
Nonspendable	618,037	207,972	5,184	-	314,610	1,145,803
Restricted	-	3,304,241	11,592,277	-	6,850,664	21,747,182
Assigned	691,434	-	-	2,314,909	-	3,006,343
Unassigned	15,883,996	-	-	-	-	15,883,996
TOTAL FUND BALANCES	<u>17,193,467</u>	<u>3,512,213</u>	<u>11,597,461</u>	<u>2,314,909</u>	<u>7,165,274</u>	<u>41,783,324</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,420,995</u>	<u>\$ 5,033,868</u>	<u>\$ 12,844,439</u>	<u>\$ 3,973,402</u>	<u>\$ 7,556,640</u>	

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

The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds	\$ 106,822
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	130,884,138
Deferred outflows related to the pension and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds	10,419,331
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds	1,238,671
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	\$ 10,173,186
Plus: compensated absences of the internal service fund included below	5,916
Less: capital assets of the internal service funds included above	<u>(2,172,519)</u>
The net pension liability is reported in the statement of net position, but is not reported in the funds.	(25,298,743)
The other postemployment benefit liability is reported in the statement of net position but is not reported in the funds	(1,632,066)
Some liabilities, including compensated absences, capital leases payable and bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(10,728,091)
Deferred inflows related to the pension and other postemployment benefit plans are reported in the statement of net position, but are not reported in the funds	<u>(1,404,277)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 153,375,692</u>
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See accompanying notes

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

	General	Road	Health and Human Services	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 22,184,411	\$ -	\$ -	\$ -	\$ 385,751	\$ 22,570,162
Miscellaneous taxes	21,156	-	-	-	10,562	31,718
Licenses, permits and fees	1,339,639	69,082	335,734	-	212,172	1,956,627
Intergovernmental	4,885,237	7,089,204	7,918,515	1,530,916	4,427,391	25,851,263
Charges for services	5,100,096	175,134	24,264,742	-	1,463,404	31,003,376
Fines and forfeitures	290,742	-	24,215	-	103,816	418,773
Interest	261,130	25,789	37,587	12,706	30,934	368,146
Other	291,565	65,820	256,719	6,661	105,781	726,546
TOTAL REVENUES	<u>34,373,976</u>	<u>7,425,029</u>	<u>32,837,512</u>	<u>1,550,283</u>	<u>6,739,811</u>	<u>82,926,611</u>
EXPENDITURES						
Current						
General government	10,038,897	-	-	1,480,230	419,691	11,938,818
Public safety	18,298,602	-	-	494,935	3,786,716	22,580,253
Highways and streets	-	4,455,370	-	-	37	4,455,407
Health and welfare	15,325	-	31,329,242	-	308,403	31,652,970
Parks, culture, and recreation	215,374	-	-	-	656,441	871,815
Education	-	-	-	-	57,743	57,743
Capital outlay	751,252	4,360,245	895,709	2,183,340	414,215	8,604,761
Debt service	-	160,490	-	15,035	-	175,525
TOTAL EXPENDITURES	<u>29,319,450</u>	<u>8,976,105</u>	<u>32,224,951</u>	<u>4,173,540</u>	<u>5,643,246</u>	<u>80,337,292</u>
Excess (deficiency) of revenues over expenditures	<u>5,054,526</u>	<u>(1,551,076)</u>	<u>612,561</u>	<u>(2,623,257)</u>	<u>1,096,565</u>	<u>2,589,319</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,150,305	553,929	1,955,612	3,006,330	400,418	8,066,594
Transfers out	<u>(5,915,573)</u>	<u>(834,449)</u>	<u>(3,084,701)</u>	<u>(264,888)</u>	<u>(1,569,854)</u>	<u>(11,669,465)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,765,268)</u>	<u>(280,520)</u>	<u>(1,129,089)</u>	<u>2,741,442</u>	<u>(1,169,436)</u>	<u>(3,602,871)</u>
Net change in fund balances	1,289,258	(1,831,596)	(516,528)	118,185	(72,871)	(1,013,552)
Fund balances at beginning of year	<u>15,904,209</u>	<u>5,343,809</u>	<u>12,113,989</u>	<u>2,196,724</u>	<u>7,238,145</u>	<u>42,796,876</u>
Fund balances at end of year	<u>\$ 17,193,467</u>	<u>\$ 3,512,213</u>	<u>\$ 11,597,461</u>	<u>\$ 2,314,909</u>	<u>\$ 7,165,274</u>	<u>\$ 41,783,324</u>

See accompanying notes

YAMHILL COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,013,552)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 7,994,060	
Depreciation	<u>(7,563,057)</u>	431,003

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (414,811)

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

Property taxes	(387,618)
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The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities reports other postemployment benefit expense as the change in net other postemployment benefit asset or liability, total other postemployment benefit asset or liability, and other postemployment benefit related deferred outflow of resources and deferred inflows of resources.

Change in deferred outflows of resources	2,287	
Change in net other postemployment benefit asset or liability	178,794	
Change in total other postemployment benefit asset or liability	9,062	
Change in deferred inflows of resources	<u>(147,023)</u>	43,120

The issuance of long-term obligations provides current financial resources to governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Change in landfill liability estimates	1,973,597
Change in accrued interest payable	(85,977)

The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflow of resources and deferred inflows of resources.

Change in deferred outflows of resources	(5,571,328)	
Change in net pension liability	3,163,815	
Change in deferred inflows of resources	<u>302,627</u>	(2,104,886)

Some expenses reported in the government wide statements do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Compensated absences	(176,697)
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Net income of internal service funds after eliminating transfers and income reported above 1,727,043

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (8,778)

See accompanying notes

YAMHILL COUNTY

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 20,651,659	\$ 20,651,659	\$ 22,184,411	\$ 1,532,752
Miscellaneous taxes	20,000	20,000	21,156	1,156
Licenses and permits	981,800	981,800	1,339,639	357,839
Intergovernmental	6,987,378	6,987,378	4,714,670	(2,272,708)
Charges for services	8,508,238	8,508,238	6,897,139	(1,611,099)
Fines and forfeitures	205,903	205,903	290,742	84,839
Interest earnings	80,000	80,000	420,400	340,400
Other	243,651	243,651	291,565	47,914
TOTAL REVENUES	<u>37,678,629</u>	<u>37,678,629</u>	<u>36,159,722</u>	<u>(1,518,907)</u>
EXPENDITURES				
Discretionary	900,000	431,068	-	431,068
Administrative Services	1,281,246	1,281,246	1,186,726	94,520
Assessor	2,107,030	2,107,030	1,773,891	333,139
Board of Commissioners	563,785	563,785	536,969	26,816
Clerk	925,988	925,988	740,174	185,814
Information Systems	1,570,558	1,570,558	1,398,933	171,625
District Attorney	2,341,954	2,341,954	2,267,906	74,048
Planning	1,997,030	1,997,030	1,848,857	148,173
Surveyor	62,905	62,905	60,596	2,309
Support Enforcement	497,155	497,155	440,936	56,219
Treasurer	38,128	38,128	37,483	645
County Counsel	476,556	476,556	449,188	27,368
Transportation	4,230,763	4,589,695	2,538,237	2,051,458
Non-departmental	979,685	1,029,685	983,293	46,392
Emergency Management	283,813	283,813	261,607	22,206
Jail	5,909,059	6,009,059	5,771,090	237,969
Marine	100,908	100,908	63,164	37,744
Sheriff	9,237,059	9,237,059	6,933,157	2,303,902
911/Dispatch Services	675,388	675,388	674,849	539
Mediation Services	76,000	76,000	74,274	1,726
Narcotics Investigation	123,050	123,050	106,368	16,682
Juvenile Department	1,617,972	1,617,972	1,528,055	89,917
Juvenile Detention	1,838,109	1,838,109	1,688,406	149,703
Parks	1,074,512	1,074,512	258,551	815,961
Courthouse Security	357,126	417,126	375,550	41,576
Radio System	321,254	321,254	199,641	121,613
Contingency	1,262,552	1,162,552	-	1,162,552
TOTAL EXPENDITURES	<u>40,849,585</u>	<u>40,849,585</u>	<u>32,197,901</u>	<u>8,651,684</u>
Excess (deficiency) of revenues over expenditures	<u>(3,170,956)</u>	<u>(3,170,956)</u>	<u>3,961,821</u>	<u>7,132,777</u>

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 354,987	\$ 354,987	\$ 354,987	\$ -
Transfers out	<u>(2,994,746)</u>	<u>(2,994,746)</u>	<u>(2,992,746)</u>	<u>2,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,639,759)</u>	<u>(2,639,759)</u>	<u>(2,637,759)</u>	<u>2,000</u>
Net change in fund balance	(5,810,715)	(5,810,715)	1,324,062	7,134,777
Fund balance at beginning of year	<u>9,728,969</u>	<u>9,728,969</u>	<u>14,226,276</u>	<u>4,497,307</u>
Fund balance at end of year	<u>\$ 3,918,254</u>	<u>\$ 3,918,254</u>	<u>\$ 15,550,338</u>	<u>\$ 11,632,084</u>

See accompanying notes

YAMHILL COUNTY

**ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
REVENUES			
Licenses and permits	\$ 54,500	\$ 69,082	\$ 14,582
Intergovernmental	7,816,153	7,089,204	(726,949)
Charges for services	654,050	729,063	75,013
Interest earnings	22,000	63,373	41,373
Other	<u>52,000</u>	<u>65,820</u>	<u>13,820</u>
TOTAL REVENUES	<u>8,598,703</u>	<u>8,016,542</u>	<u>(582,161)</u>
EXPENDITURES			
Road	12,606,651	9,650,064	2,956,587
Debt service	250,000	160,490	89,510
Contingency	<u>156,150</u>	<u>-</u>	<u>156,150</u>
TOTAL EXPENDITURES	<u>13,012,801</u>	<u>9,810,554</u>	<u>3,202,247</u>
Net change in fund balance	(4,414,098)	(1,794,012)	2,620,086
Fund balance at beginning of year	<u>4,524,098</u>	<u>5,343,809</u>	<u>819,711</u>
Fund balance at end of year	<u>\$ 110,000</u>	<u>\$ 3,549,797</u>	<u>\$ 3,439,797</u>

See accompanying notes

YAMHILL COUNTY

**HEALTH AND HUMAN SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
REVENUES			
Licenses and permits	\$ 345,925	\$ 335,734	\$ (10,191)
Intergovernmental	7,905,982	7,918,515	12,533
Charges for services	26,482,469	24,387,700	(2,094,769)
Interest earnings	112,000	159,930	47,930
Other	<u>581,426</u>	<u>280,934</u>	<u>(300,492)</u>
TOTAL REVENUES	<u>35,427,802</u>	<u>33,082,813</u>	<u>(2,344,989)</u>
EXPENDITURES			
Health and human services	39,751,661	35,309,652	4,442,009
Contingency	<u>4,379,290</u>	<u>-</u>	<u>4,379,290</u>
TOTAL EXPENDITURES	<u>44,130,951</u>	<u>35,309,652</u>	<u>8,821,299</u>
Excess (deficiency) of revenues over expenditures	<u>(8,703,149)</u>	<u>(2,226,839)</u>	<u>6,476,310</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,832,654</u>	<u>1,832,654</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,832,654</u>	<u>1,832,654</u>	<u>-</u>
Net change in fund balance	(6,870,495)	(394,185)	6,476,310
Fund balance at beginning of year	<u>11,486,006</u>	<u>12,113,989</u>	<u>627,983</u>
Fund balance at end of year	<u>\$ 4,615,511</u>	<u>\$ 11,719,804</u>	<u>\$ 7,104,293</u>

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2018**

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 35,950	\$ 3,842,215
Investments	31,274	3,276,238
Receivables	22,887	130,249
Prepaid items	-	280
Advances from other funds	-	782,991
	<hr/>	<hr/>
Total current assets	90,111	8,031,973
Capital assets		
Land	78,356	-
Other capital assets, net	9,393	2,172,519
	<hr/>	<hr/>
Total capital assets	87,749	2,172,519
TOTAL ASSETS	<hr/>	<hr/>
	177,860	10,204,492
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	732	18,353
Payroll and related liabilities	233	7,037
Compensated absences payable	121	5,916
	<hr/>	<hr/>
TOTAL LIABILITIES	1,086	31,306
<u>NET POSITION</u>		
Investment in capital assets	87,749	2,172,519
Unrestricted	89,025	8,000,667
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 176,774	\$ 10,173,186
	<hr/>	<hr/>

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	Business-type Activities <u>Cove Orchard Sewer</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for services	\$ 48,387	\$ 66,613
Other	<u>253</u>	<u>283,094</u>
TOTAL OPERATING REVENUES	<u>48,640</u>	<u>349,707</u>
OPERATING EXPENSES		
Personnel services	5,232	232,664
Materials and services	44,641	2,013,168
Depreciation	<u>2,167</u>	<u>604,597</u>
TOTAL OPERATING EXPENSES	<u>52,040</u>	<u>2,850,429</u>
Operating (loss)	<u>(3,400)</u>	<u>(2,500,722)</u>
NONOPERATING REVENUES		
Investment earnings	313	20,191
(Loss) on sale of capital asset	<u>-</u>	<u>(414,609)</u>
TOTAL NONOPERATING REVENUES	<u>313</u>	<u>(394,418)</u>
(Loss) before transfers	(3,087)	(2,895,140)
Transfers in	-	3,759,765
Transfers out	<u>(106)</u>	<u>(172,264)</u>
Change in net position	(3,193)	692,361
Net position - beginning	179,967	7,028,643
Prior period adjustment	<u>-</u>	<u>2,452,182</u>
Net position - ending	<u>\$ 176,774</u>	<u>\$ 10,173,186</u>

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2018

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 46,322	\$ -
Receipts from interfund services provided	-	3,809,727
Other receipts	253	218,682
Payments for interfund services provided	(105)	(156,788)
Payments to suppliers of goods or services	(44,326)	(2,002,378)
Payments to employees for services	(5,161)	(227,201)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(3,017)	1,642,042
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayments of advances from other funds	-	48,063
Transfers in	-	25,500
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	-	73,563
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(755,019)
Repayment of advances to other funds	-	77,233
	<hr/>	<hr/>
Net cash (used in) capital and related financing activities	-	(677,786)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	313	11,342
Purchase of investments	(1,418)	(717,338)
	<hr/>	<hr/>
Net cash (used in) investing activities	(1,105)	(705,996)
Net increase (decrease) in cash and cash equivalents	(4,122)	331,823
Cash and cash equivalents - beginning of year	40,072	3,510,392
	<hr/>	<hr/>
Cash and cash equivalents - end of year	\$ 35,950	\$ 3,842,215
	<hr/>	<hr/>

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STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
Reconciliation of operating (loss) to net cash provided by (used in) operating activities		
Operating (loss)	\$ (3,400)	\$ (2,500,722)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities		
Transfers in for interfund charges	-	3,743,114
Transfers out for interfund charges	(105)	(156,788)
Depreciation	2,167	604,597
(Increase) decrease in assets:		
Receivables	(2,065)	(64,412)
Prepaid items	-	(280)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	315	11,070
Payroll and related liabilities	14	4,908
Compensated absences payable	57	555
	<u>57</u>	<u>555</u>
Net cash provided by (used in) operating activities	<u>\$ (3,017)</u>	<u>\$ 1,642,042</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Transfers out	<u>\$ -</u>	<u>\$ 15,476</u>

See accompanying notes

YAMHILL COUNTY

STATEMENT OF NET POSITION
FUDICIARY FUNDS
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,207,878
Investments	1,030,055
Property taxes receivable	<u>8,830,440</u>
 TOTAL ASSETS	 <u>\$ 11,068,373</u>
 <u>LIABILITIES</u>	
Intergovernmental payables	\$ 11,012,828
Amounts held in trust	<u>55,545</u>
 TOTAL LIABILITIES	 <u>\$ 11,068,373</u>

See accompanying notes

YAMHILL COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

1. Summary of significant accounting policies

A. The reporting entity

Yamhill County (the County) was created in 1843 and operates under the provisions of Oregon Revised Statutes (ORS) Title 20, Chapters 201 and 215 inclusive as an unchartered county. The County is governed by a full-time Board of Commissioners (the Board) who are elected at-large by the citizens. The Board votes on all ordinances and determines matters of policy. Other elected officers include the Assessor, Clerk, Sheriff, Treasurer, and District Attorney. The County provides a full range of services to the community including public safety; public works; health and human services; and parks, culture, and recreation.

The accompanying basic financial statements present all activities, funds, and component units for which the County is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the County is a primary government with the following component units:

Special revenue fund:

 Yamhill County Extension Service District (Extension)

Enterprise fund:

 Cove Orchard Sewer Service District (Cove Orchard Sewer)

Blended component units, although legally separate entities, are, in substance, part of the County's operations and therefore, are combined with data of the primary government. Separately issued financial statements for Yamhill County Extension Service District may be obtained from the County. Cove Orchard Sewer Service District does not issue separate financial statements.

The County formed the Yamhill County Hospital Authority (Authority). The Authority only issues conduit debt for health facilities and the County has no assets or liabilities recorded for the Authority. See Note 6.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., 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* are supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major proprietary funds are reported in separate columns in the respective fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the County, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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

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

The County reports the following major governmental funds:

General - accounts for all financial resources of the general government, except those required to be accounted for in another fund. With the implementation of GASB 54, the O&C Reserve Fund and Landfill Reserve Fund have been combined with the General Fund for financial reporting purposes.

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

The County reports the following major proprietary fund:

Cove Orchard Sewer – accounts for the operating of the sewer system.

Additionally, the County reports the following fund types:

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

Capital Projects - accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from issuance of certificates of participation, the sale of County owned property, issuance of general obligation bonds, and issuance of full faith and credit bonds.

Internal Service – accounts for the cost of providing services to other funds which are charged a fee on a cost reimbursement basis for those services.

Fiduciary - accounts for resources received and held in a fiduciary capacity. Disbursements are made in accordance with the trust agreement or applicable legislative enactment for each particular fund.

D. Budget policies and budgetary control

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

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

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

Budget amounts may be revised since the original budget amounts were adopted. The County Commissioners authorize all appropriation transfers and supplemental budget appropriations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

E. Risk management

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

F. Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

G. Property taxes

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

H. Grants and entitlements

Federal and state grants and state shared revenues are recorded as revenue in all fund types as earned.

I. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of expendable supplies held for consumption.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

J. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over estimated useful lives as follows:

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

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in the statement of activities.

K. Long-term obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Solid waste landfill post-closure care liabilities

The County owns two landfills and is responsible for their maintenance costs per DEQ. The two landfills are the Whiteson landfill which closed in 1983 and the Newberg landfill which closed in 1985. The County has received landfill closure permits from the Oregon Department of Environmental Quality. The Whiteson landfill closure permit was issued June 28, 2013 and will expire June 1, 2023. The Newberg landfill closure permit was issued February 20, 2015 and will expire December 1, 2024. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site.

The County has recorded a liability for the estimated cost of landfill post-closure care. This estimated liability is based on the projected ten year annual post-closure maintenance care expenses as estimated by Parametrix. The County has a \$10 million insurance policy which provides coverage for bodily injury, property damage, and remediation costs for pre-existing and new pollution incidents reported during the current policy period of March 29, 2016 to 2021. The County accounts for the costs of maintaining the closed landfills in the Solid Waste Fund (a nonmajor governmental special revenue fund).

The estimated future costs to maintain and monitor the landfills may change due to one or more of the following factors: inflation, deflation, changes in technology or changes to applicable laws or regulations.

M. Equity classifications

Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Governmental fund type fund balance reporting

Governmental type fund balances are to be properly reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Commissioners has granted authority to the Finance Manager to assign fund balance amounts.

Unassigned — the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

N. Compensated absences

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Deferred outflows / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges and pension related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents amounts that apply to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds reports as deferred inflows, unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. New accounting standards implemented

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also identifies the actuarial methods and assumptions that are required to be used and enhances note disclosures and required supplementary information. The specific accounts impacting the County are detailed below.

Other postemployment benefit liability – Previous standards defined other postemployment benefit (OPEB) liabilities in terms of the Annually Required Contribution. Statement No. 75 defines the other postemployment benefit liability as the portion of projected benefit payments that is attributed to past periods of employee service provided through a defined benefit OPEB plan that is not administered through a trust.

Deferred inflows of resources and deferred outflows of resources – Statement No. 75 includes recognition of deferred inflows and outflows of resources associated with changes of assumptions. This difference is to be recognized in other postemployment benefit expense using a closed period equal to the average expected remaining service lives of all covered active and inactive participants.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Statement No. 75 is effective for financial statement periods beginning after June 15, 2017 with the effects of the accounting change to be applied retroactively by restating the financial statements. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2017 as follows:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
<u>Governmental activities</u>			
Deferred outflows of resources – OPEB related	\$ --	\$ 223,104	\$ 223,104
Net other postemployment benefit liability	--	71,972	(71,972)
Total other postemployment benefit liability	--	1,641,128	(1,641,128)
Net other postemployment benefits obligation	1,618,224	--	1,618,224
Net position	153,256,242	153,384,470	(128,228)

2. Cash, cash equivalents and investments

The County's cash, cash equivalents and investments at June 30, 2018 are as follow:

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

Cash and cash equivalents

Deposits with financial institutions	\$ 772,833
State of Oregon Local Government Investment Pool	27,688,402
Cash on hand	10,615
Cash with fiscal agent	<u>723,010</u>

Total cash and cash equivalents \$ 29,194,860

Investments

US government agency securities	\$ 9,780,877
Corporate bonds	10,626,041
Municipal bonds	3,616,068
Certificates of deposit	<u>248,183</u>

Total investments \$ 24,271,169

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

A. Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the County’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District’s deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$982,084 of the County’s bank balances were exposed to custodial credit risk.

B. State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State’s short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County’s position in the LGIP is the same as the value of the pool shares.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

C. Investments

As of June 30, 2018 the County had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in months)</u>
Certificates of Deposit	Unrated	\$ 248,183	11.47
		<u>248,183</u>	
US Agencies	AAA/AA+	9,536,472	29.94
	Unrated/ AA+	145,622	31.46
	Unrated	<u>98,783</u>	90.99
		<u>9,780,877</u>	
Corporate Bonds	AAA/AAA	143,215	19.46
	AAA/AA+	480,521	35.57
	Aa1/AA+	480,364	62.29
	Aa2/AA	385,643	79.35
	Aa2/AA-	1,697,371	33.42
	Aa2/A+	612,904	41.58
	Aa2/Unrated	141,197	62.06
	Aa3/AA-	2,057,394	34.24
	Aa3/A+	596,230	28.66
	Aa3/A	149,460	59.11
	A1/AA	210,917	26.30
	A1/AA-	749,251	50.17
	A1/A+	652,319	36.75
	A1/Unrated	197,014	33.67
	A2/A	449,311	63.18
	A2/A-	1,032,075	26.09
	A3/A-	343,742	25.28
	Unrated/AA-	<u>247,113</u>	24.79
		<u>10,626,041</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in months)</u>
Municipal			
	Aa1/AA+	384,170	39.93
	Aa1/Unrated	396,337	34.28
	Aa2/AAA	441,980	39.71
	Aa2/AA	168,510	37.08
	Aa2/Unrated	249,983	24.03
	Aa3/AA	95,663	38.10
	A1/AA-	294,752	43.07
	A2/AA	310,686	48.57
	Unrated/AA+	64,589	11.51
	Unrated/AA	765,946	44.04
	Unrated/AA-	217,133	26.10
	Unrated/A	<u>226,319</u>	67.88
		<u>3,616,068</u>	
Total Investments		<u>\$ 24,271,169</u>	

Credit Risk. Oregon statutes authorize the County to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

Concentration of Credit Risk: The County has a formal policy that places a limit on the amount that may be invested in any one insurer as follows:

Investment	Max Investment
U.S. Treasury Obligations	100%
U.S. Agency Securities	100%
Per Agency (Senior Obligators Only)	50%
Oregon Short-Term Fund	Maximum allowed per ORS 294.810
Corporate Debt (Total)	35%
Corporate Commercial Paper	25%
Per Issuer	5%
Corporate Bonds	30%
Per Issure	5%
Repurchase Agreements	5%
Banker's Acceptance	25%
Bank Time Deposits/Savings	50%
Accounts/Certificates of Deposit	
Per Institution	25%
Municipal Debt (Total)	35%
State of Oregon	25%
States of Idaho, California & Washington	25%

Interest Rate Risk: The following strategies will be employed to control and mitigate the adverse changes in the market value of the portfolio due to changes in interest rates:

- Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate market risk.
- To the extent feasible, investment maturities not matched with cash outflows, including liquidity investments under eighteen months, should be staggered to mitigate reinvestment risk
- No commitments to buy or sell securities may be made more than 14 days prior to the anticipated settlement date, or receive a fee other than interest for future deliveries.
- The maximum percent of callable securities in the portfolio shall be 85%.
- The maximum stated final maturities of individual securities in the portfolio shall be five years, except when otherwise stated in the County's formal investment policy.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

- The maximum portfolio average weighted maturity exclusive of Reserve or Capital Improvements Project monies measured with stated final maturity shall not exceed 4 years. Callable bonds will be calculated using their final maturity dates rather than their callable dates. LGIP and other money market investments shall be excluded from the average weighted maturity calculation.

Portfolio Credit Rating: The minimum weighted average credit rating of the portfolio’s rated investments shall be Aa/AA/AA by Moody’s Investor’s Service/Standard and Poor’s/Fitch Rating Service respectively.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy which limits the amount of investments that can be held by counterparties.

Fair Value Measurements. The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County’s investment in U.S Agencies, corporate and municipal bonds are measured using level 2 inputs.

3. Receivables

A. The County’s receivables at June 30, 2018 are as follows:

	General	Road	Health and Human Services	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 1,871,556	\$ -	\$ -	\$ -	\$ 31,165	\$ 1,902,721
Grants	450,225	652,277	442,604	-	12,680	1,557,786
Accounts	126,206	19,205	1,004,786	800	29,618	1,180,615
	<u>\$ 2,447,987</u>	<u>\$ 671,482</u>	<u>\$ 1,447,390</u>	<u>\$ 800</u>	<u>\$ 73,463</u>	<u>\$ 4,641,122</u>
			Proprietary Fund	Fiduciary Fund		
		Total				
	Internal Service Funds	Governmental Activities	Cove Orchard Sewer	Agency	Totals	
Property taxes	\$ -	\$ 1,902,721	\$ -	\$ 8,830,440	\$ 10,733,161	
Grants	-	1,557,786	-	-	1,557,786	
Accounts	130,249	1,310,864	22,887	-	1,333,751	
	<u>\$ 130,249</u>	<u>\$ 4,771,371</u>	<u>\$ 22,887</u>	<u>\$ 8,830,440</u>	<u>\$ 13,624,698</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Reclassifications/ Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 3,140,322	\$ 1,437,770	\$ -	\$ 4,578,092
Right of way	27,640,247	-	-	27,640,247
Gravel roads	19,148,800	-	-	19,148,800
Construction in progress	<u>3,750</u>	<u>1,970,615</u>	<u>3,750</u>	<u>1,970,615</u>
Total capital assets, not being depreciated	<u>49,933,119</u>	<u>3,408,385</u>	<u>3,750</u>	<u>53,337,754</u>
Capital assets, being depreciated:				
Buildings	23,507,180	309,847	671,520	23,145,507
Machinery and equipment	19,470,184	2,049,871	485,671	21,034,384
Infrastructure	<u>367,830,766</u>	<u>2,947,439</u>	<u>-</u>	<u>370,778,205</u>
Total capital assets being depreciated	<u>410,808,130</u>	<u>5,307,157</u>	<u>1,157,191</u>	<u>414,958,096</u>
Less accumulated depreciation for:				
Buildings	8,642,964	621,876	886	9,263,954
Machinery and equipment	14,482,234	1,202,049	778,781	14,905,502
Infrastructure	<u>307,503,124</u>	<u>5,739,132</u>	<u>-</u>	<u>313,242,256</u>
Total accumulated depreciation	<u>330,628,322</u>	<u>7,563,057</u>	<u>779,667</u>	<u>337,411,712</u>
Total capital assets, being depreciated, net	<u>80,179,808</u>	<u>(2,255,900)</u>	<u>377,524</u>	<u>77,546,384</u>
Total capital assets, net	<u>\$ 130,112,927</u>	<u>\$ 1,152,485</u>	<u>\$ 381,274</u>	<u>\$ 130,884,138</u>

B. Depreciation expense was charged to governmental activities functions/programs as follows:

General government	\$ 1,542,008
Public safety	66,828
Highways and streets	5,769,988
Health and sanitation	25,193
Parks, culture and recreation	<u>159,040</u>
Total depreciation expense- governmental activities	<u>\$ 7,563,057</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

C. Capital asset activity for the business-type activities for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Reclassifications/ Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 78,356	\$ -	\$ -	\$ 78,356
Capital assets, being depreciated:				
Buildings and equipment	978,346	-	-	978,346
Less accumulated depreciation for:				
Buildings and equipment	966,786	2,167	-	968,953
Total capital assets, being depreciated, net	<u>11,560</u>	<u>(2,167)</u>	<u>-</u>	<u>9,393</u>
Total capital assets, net	<u>\$ 89,916</u>	<u>\$ (2,167)</u>	<u>\$ -</u>	<u>\$ 87,749</u>

D. Depreciation expense charged to the sewer business-type activity amounted to \$2,167 for the year ended June 30, 2018.

5. Long-term obligations

A. Changes in governmental activities long-term obligations for the year ended June 30, 2018 were as follows:

	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018	Balances Due Within One Year
<i>Governmental activities</i>					
Long-term debt obligations					
Oregon Department of Transportation	\$ 7,608,556	\$ -	\$ -	\$ 7,608,556	\$ 569,283
Other long-term obligations					
Compensated absences	1,438,156	1,615,408	1,438,156	1,615,408	1,615,408
Landfill liability	3,391,747	-	1,973,597	1,418,150	132,223
Other postemployment benefit liability	1,641,128	-	9,062	1,632,066	-
Net pension liability	<u>28,462,558</u>	<u>-</u>	<u>3,163,815</u>	<u>25,298,743</u>	<u>-</u>
Total long-term obligations	<u>\$ 42,542,145</u>	<u>\$ 1,615,408</u>	<u>\$ 6,584,630</u>	<u>\$ 37,572,923</u>	<u>\$ 2,316,914</u>
<i>Business-type activities</i>					
Other long-term obligations					
Compensated absences	<u>\$ 64</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 121</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

B. Governmental activities long-term debt obligations

Oregon Department of Transportation – On July 1, 2013, the Oregon Department of Transportation (ODOT) approved borrowing by the County in the amount of \$10,366,640 to finance its portion of the project costs for the Newberg-Dundee Bypass. Annual payments of \$655,260 include interest at 2.26 percent. At June 30, 2018, the balance of the loan is \$7,608,556.

C. Future maturities

The future maturities of the long-term debt obligation outstanding as of June 30, 2018 are as follows:

Fiscal Year Ending	Oregon Department of Transportation		Total
	Principal	Interest	
2019	\$ 569,283	\$ 85,977	\$ 655,260
2020	496,172	159,088	655,260
2021	507,386	147,874	655,260
2022	518,853	136,407	655,260
2023	530,579	124,681	655,260
2024-28	2,838,273	438,027	3,276,300
2029-31	<u>2,148,010</u>	<u>110,666</u>	<u>2,258,676</u>
	<u>\$ 7,608,556</u>	<u>\$ 1,202,720</u>	<u>\$ 8,811,276</u>

D. Landfill liability

The landfill post-closure care liability represents projected ten year post-closure maintenance care expenses of the Whitson and Newberg landfills per the August 2018 analysis by Parametrix. Future maturities have not been established, but Parametrix and the County estimate \$132,223 to be retired in the 2017-18 fiscal year. However, future costs paid are subject to change due to inflation, deflation, changes in technology or changes to applicable laws or regulations.

6. Conduit debt

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Conduit debt (continued)

On August 4, 2016 the Yamhill County Hospital Authority (Authority) issued variable rate demand series 2016 bonds in the amount of \$42,140,000. Series 2016A (tax-exempt) has a maturity date of November 15, 2026. Series 2016B (federally taxable) has a maturity date of November 15, 2020. The proceeds were assigned to Friendsview Manor dba Friendsview Retirement Community, an Oregon non-profit organization and were used to fully defease previously issued bonds, finance improvements, remodel and expand the continuing care retirement facility, and to pay the costs associated with issuance of the bonds. The bonds do not constitute a debt or liability of the Authority or Yamhill County. The outstanding amounts at June 30, 2018 for series 2016A and series 2016B are \$40,530,000 and \$1,100,000 respectively. The Authority has no taxing power.

In July 2012, the County issued tax-exempt series 2012A bonds in the amount of \$19,510,000. The bonds were assigned to George Fox University to fully defease previously issued bonds which were issued to finance the acquisition of real estate and construction of capital improvements. The outstanding amounts for the series 2012A issue at June 30, 2018 was \$19,510,000. George Fox University has no taxing power.

In April 2018, the County authorized tax-exempt series 2018 bonds in the amount of \$15,000,000. In fiscal year 2017-18, bonds in the amount of \$2,500,000 were issued. The bonds were assigned to George Fox University and were issued to finance construction of capital improvements. The outstanding amounts for the series 2018 issue at June 30, 2018 was \$2,500,000. George Fox University has no taxing power.

7. Interfund balances and transfers

A. Interfund transfers used to reallocate financial resources to funds where they will be expended were as follows:

Fund	Transfers	
	In	Out
General	\$ 2,150,305	\$ 5,915,573
Road	553,929	834,449
Health and Human Services	1,955,612	3,084,701
Capital Improvement	3,006,330	264,888
Nonmajor funds	400,418	1,569,854
Governmental activities - non-cash	15,476	-
Cove Orchard Sewer	-	106
Internal Service funds	3,759,765	156,788
Internal Service funds - non-cash	-	15,476
	<u>\$ 11,841,835</u>	<u>\$ 11,841,835</u>

Transfers between funds were made to facilitate operations of County services, provide for transfers to the Internal Service funds and provide sufficient operating resources to the Health and Human Services Fund and nonmajor funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Interfund balances and transfers (continued)

B. Advances and due to/from other funds are as follows:

<u>Advances to other funds</u>	<u>Capital Improvement</u>
General	\$ 451,937
Nonmajor governmental	276,579
Internal service funds	<u>782,991</u>
	<u>\$ 1,511,507</u>

The Solid Waste Fund made advances to the Capital Improvement Fund to redeem the full faith and credit bond. The outstanding amount of the advance at June 30, 2018 is \$276,579.

The Landfill License Reserve (General) and the Motor Vehicle Replacement (Internal Service) Funds made equal advances to the Capital Improvement Fund to pay off the Oregon Economic and Community Development Department loan. The outstanding amount of the advances at June 30, 2018 is \$451,937 in each fund.

The Self-Insurance Fund (Internal Service) made advances to the Capital Improvement Fund to acquire real property. The outstanding amount of the advance at June 30, 2018 is \$331,054.

8. Unavailable revenue

Resources owned by the County, which are measurable but unavailable in the governmental funds, consist of the following:

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Property taxes	\$ 1,218,768	\$ 19,903	\$ 1,238,671
Unearned revenues	<u>-</u>	<u>31,873</u>	<u>31,873</u>
Total	<u>\$ 1,218,768</u>	<u>\$ 51,776</u>	<u>\$ 1,270,544</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan

A. Plan description

Employees of the County are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf

B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Death benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Death benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation.

Tier 1/tier 2 employer contribution rates are 16.48 percent and the OPSRP employer contribution rates are 8.74 percent for general service employees and 13.51 percent for police and fire. Employer contributions for the year ended June 30, 2018 were \$3,211,767.

D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

Actuarial cost method

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Unfunded actuarial accrued liability amortization

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

Contribution rate stabilization method

Contribution rates are confined to a collar based on the prior contribution rates. The new contribution rates will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

Allocation of liability for service segments

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25% based on account balance with each employer and 75% based on service with each employer. The entire normal cost is allocated to the current employer.

Allocation of benefits-in-force reserve

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic assumptions

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually on regular and variable account balances
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 6.3% in 2016 to 4.4% in 2094

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Demographic assumptions

Mortality tables

Healthy retirees	RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

Salary increase assumptions

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

OPSRP unfunded actuarial accrued liability amortization

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Economic assumptions

An additional amount for administrative expenses is added to the normal cost.

Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

- F. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

At June 30, 2018, the County reported a liability of \$25,298,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier One/Tier Two and OPSRP pieces. The Tier One/Tier Two piece is based on the employer's Tier One/Tier Two pooling arrangement. If an employer participates in one of the two large Tier One/Tier Two rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier One/Tier Two UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier One/Tier Two pooling arrangement, who are referred to as "Independent Employers", have their Tier One/Tier Two UAL tracked separately in the actuarial valuation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2017, the County's proportion was 0.18767561 percent, which was a decrease of .00191903 percent from its proportion measured as of June 30, 2016.

Pension expense

For the year ended June 30, 2018, the County recognized pension expense of \$5,316,653.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,223,458	\$ --
Changes of assumptions	4,611,510	--
Net difference between projected and actual earnings on pension plan investments	260,636	--
Changes in proportionate share	30,698	723,264
Difference between contributions and proportionate share of system contributions	855,871	533,990
Contributions subsequent to the measurement date	<u>3,211,767</u>	<u>--</u>
Total	<u>\$ 10,193,940</u>	<u>\$ 1,257,254</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement in the amount of \$3,211,767 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2019	\$ 976,314
2020	3,064,860
2021	2,155,210
2022	(533,818)
2023	<u>62,353</u>
Total	<u>\$ 5,724,919</u>

Actuarial methods and assumptions used in developing total pension liability

The total pension liability measured as of June 30, 2017 was based on an actuarial valuation as of December 31, 2015 using the following methods and assumptions:

Experience study report	2014, published September 2015
Inflation rate	2.5 percent
Long-term expected rate of return	7.5 percent
Discount rate	7.5 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality table.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. On July 28, 2017, the PERS Board adopted a discount rate of 7.2 percent. The new rate will be effective January 1, 2018.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Commodities/Other	9.37%	7.01%
Assumed Inflation - Mean		2.50%

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

G. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 43,113,678	\$ 25,298,743	\$ 10,402,159

10. Defined contribution plan

A. Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

B. Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined contribution plan

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

C. Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

D. Contributions

The County makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$1,716,881.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits

Oregon Public Employees Retirement Systems Retirement Health Insurance Account

A. Plan description

The County contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf

B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The County contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2018, the County made contributions in the amount of \$129,935 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in note 9 .

Economic assumptions

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

Retiree healthcare participation assumptions

Eligible retiring members are assumed to elect RHIA coverage 38% of the time for health retirees and 20% of the time for disabled retirees.

E. Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability (asset)

At June 30, 2018, the County reported an (asset) of \$(106,822) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2017, the County's proportion was 0.25595970 percent, which was an increase / decrease of 0.00907143 percent from its proportion measured as of June 30, 2016.

OPEB expense

For the year ended June 30, 2018, the County recognized OPEB expense of \$125.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 49,474
Changes in proportionate share	--	1,797
Contributions subsequent to the measurement date	<u>129,935</u>	<u>--</u>
Total	<u>\$ 129,935</u>	<u>\$ 51,271</u>

Deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date in the amount of \$129,935 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2019	\$ (13,035)
2020	(13,035)
2021	(12,834)
2022	<u>(12,367)</u>
Total	<u>\$ (51,271)</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

F. Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in note 9 .

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

G. Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1 Percentage Point <u>Lower</u>	Current Discount <u>Rate</u>	1 Percentage Point <u>Higher</u>
Proportionate share of net OPEB liability/(asset)	\$ 14,891	\$ (106,822)	\$ (210,347)

Employee Benefit Plan for the Employees of Yamhill County

A. Plan description and benefits provided

The County provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

B. Plan membership

As of June 30, 2018, there were 367 active employees, 8 eligible retirees, and 1 spouse of eligible retirees for a total of 376 plan members.

C. Contributions

The County funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the County are as follows:

For retirees	\$ 625
For spouses of retirees	616

D. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, the County reported a total OPEB liability of \$1,632,066. The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation as of that date.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2017	\$ 1,641,128
Changes for the year:	
Service cost	131,784
Interest	49,390
Changes in assumptions or other inputs	(109,833)
Benefit payments	<u>(80,403)</u>
Balances at June 30, 2018	<u>\$ 1,632,066</u>

For the year ended June 30, 2018, the County recognized OPEB expense of \$182,146. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ --	\$ 95,752
County's contributions subsequent to the measurement Date	<u>95,456</u>	<u>--</u>
	<u>\$ 95,456</u>	<u>\$ 95,752</u>

Deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date in the amount of \$95,456 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2019	\$ (14,081)
2020	(14,081)
2021	(14,081)
2022	(14,081)
2023	(14,081)
Thereafter	(25,347)

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

E. Actuarial valuation

The County contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

F. Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 white collar male and female set back one year for male, generational per Scale BB for males and females

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total OPEB liability was 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits (continued)

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2016	7.00%
2017	7.50%
2018	6.00%
2019	5.50%
2020-2025	5.25%
2026	5.00%
2027-2029	5.25%
2030	5.75%
2031-2035	6.25%
2036-2040	6.00%
2041-2043	5.75%
2044-2052	5.50%
2053-2063	5.25%
2064+	5.00%

Dental costs are assumed to increase 4.5 percent in all future years.

Sensitivity of the County total OPEB liability to changes in the discount and healthcare cost trend rates

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
County's total OPEB liability	\$ 1,782,566	\$ 1,632,066	\$ 1,495,075
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
County's total OPEB liability	\$ 1,448,883	\$ 1,632,066	\$ 1,852,015

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Contingency – sick leave

Portions of amounts of accumulated sick leave at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2018, employees of the County had accumulated 6,405 days of sick leave.

13. Litigation

The County, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material adverse effect on the County's General Fund.

14. Net position restricted through enabling legislation

The government-wide statement of net position reports \$22,226,076 of restricted net position, of which \$545,447 is restricted by enabling legislation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Governmental fund balances

Fund balances for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

	General	Road	Health and Human Services	Capital Improvement	Other Governmental Funds	Total
Fund balances:						
Nonspendable						
Inventory	\$ -	\$ 207,972	\$ -	\$ -	\$ -	\$ 207,972
Prepaid items	166,100	-	5,184	-	38,031	209,315
Advances to other funds	451,937	-	-	-	276,579	728,516
Restricted for:						
Highways and streets	-	3,304,241	-	-	16,075	3,320,316
Schools and education	-	-	-	-	79,626	79,626
Health services	-	-	11,592,277	-	3,163,265	14,755,542
Grants	-	-	-	-	76,840	76,840
Public safety	-	-	-	-	2,152,601	2,152,601
County fair	-	-	-	-	140,197	140,197
Capital projects	-	-	-	-	297,047	297,047
Other purposes	-	-	-	-	925,013	925,013
Assigned for:						
Capital projects	-	-	-	2,314,909	-	2,314,909
Landfill costs	691,434	-	-	-	-	691,434
Unassigned	<u>15,883,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,883,996</u>
	<u>\$ 17,193,467</u>	<u>\$ 3,512,213</u>	<u>\$ 11,597,461</u>	<u>\$ 2,314,909</u>	<u>\$ 7,165,274</u>	<u>\$ 41,783,324</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. Budgetary perspective differences

The amounts reported for the General, Road, and Health and Human Services Funds in the governmental fund financial statements are different than the amounts reported in the budget to actual comparison statements as follows:

	<u>General</u>	<u>Road</u>	<u>Health and Human Services</u>
Revenues			
Total fund revenues - budgetary basis	\$ 36,159,722	\$ 8,016,542	\$ 33,082,813
Revenues of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	169,110	-	-
Landfill License Agreement	6,562	-	-
Fair value adjustment - investments	(166,100)	(37,584)	(122,343)
Certain items are classified as revenues on the budgetary basis and are shown as other financing sources on the governmental fund financial statements	<u>(1,795,318)</u>	<u>(553,929)</u>	<u>(122,958)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 34,373,976</u>	<u>\$ 7,425,029</u>	<u>\$ 32,837,512</u>
Expenditures			
Total fund expenditures - budgetary basis	\$ 32,197,901	\$ 9,810,554	\$ 35,309,652
Expenditures of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	13,889	-	-
Landfill License Agreement	15,325	-	-
Certain items are classified as expenditures on the budgetary basis and are shown as other financing sources on the governmental fund financial statements	<u>(2,907,665)</u>	<u>(834,449)</u>	<u>(3,084,701)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 29,319,450</u>	<u>\$ 8,976,105</u>	<u>\$ 32,224,951</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. Budgetary perspective differences (continued)

	General	Road	Health and Human Services
Other financing sources (uses)			
Total fund other financing sources (uses) - budgetary basis	\$ (2,637,759)	\$ -	\$ 1,832,654
Other financing sources (uses) of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	(8,477)	-	-
Landfill License Agreement	(6,685)	-	-
Certain items are classified as revenues/expenditures on the budgetary basis and are shown as other financing sources (uses) on the governmental fund financial statements	<u>(1,112,347)</u>	<u>(280,520)</u>	<u>(2,961,743)</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (3,765,268)</u>	<u>\$ (280,520)</u>	<u>\$ (1,129,089)</u>
Beginning fund balance			
Beginning fund balance - budgetary basis	\$ 14,226,276	\$ 5,343,809	\$ 12,113,989
Beginning fund balance of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	519,114	-	-
Landfill License Agreement	<u>1,158,819</u>	<u>-</u>	<u>-</u>
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 15,904,209</u>	<u>\$ 5,343,809</u>	<u>\$ 12,113,989</u>
Ending fund balance			
Ending fund balance - budgetary basis	\$ 15,550,338	\$ 3,549,797	\$ 11,719,804
Ending fund balance of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	665,858	-	-
Landfill License Agreement	1,143,371	-	-
Fair value adjustment - investments	<u>(166,100)</u>	<u>(37,584)</u>	<u>(122,343)</u>
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 17,193,467</u>	<u>\$ 3,512,213</u>	<u>\$ 11,597,461</u>

17. Related party transactions

Yamhill County (a member) received from the Yamhill Communications Agency \$62,204 during the year ended June 30, 2018 for services including accounting, administrative support, information services, phone and postage. Yamhill County also received \$270,300 for the maintenance and upkeep of the Agency's radio system. Yamhill County paid the Agency \$674,388 for dues during the year ended June 30, 2018

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

18. Tax abatement

Yamhill County has entered into property tax abatement agreements whereby the assessed value of property has been reduced. The County's property tax revenue for the year ended June 30, 2018 has been abated under the following programs:

<u>Program and statutory authority</u>	<u>Amount of Abatement</u>
Housing for low income rental-ORS 307.517	\$ 30,822
Historic property – ORS 358.475-.545	3,178

19. Prior period adjustment

The beginning net position of the Telecommunications and Motor Vehicle Replacement Funds has been adjusted to recognize capital assets previously recorded only in the governmental activities. The beginning net position increased \$389,711 and \$2,062,471, respectively.

See note 1Q for additional information on prior period adjustment to adjust beginning net position for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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REQUIRED SUPPLEMENTARY INFORMATION

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YAMHILL COUNTY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Last 10 Years Ended June 30, *

	2018	2017	2016	2015
Proportion of the collective net pension liability (asset)	0.18767561%	0.18959464%	0.20395487%	0.20067701%
Proportionate share of the collective net pension liability (asset)	\$ 25,298,743	\$ 28,462,558	\$ 11,709,990	\$ (4,548,775)
Covered payroll	\$ 28,700,590	\$ 26,656,712	\$ 25,747,864	\$ 24,083,363
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	88.147%	106.774%	45.479%	-18.888%
Pension plan's fiduciary net position as a percentage of the total pension liability	83.119%	80.527%	91.875%	103.590%

* Information will be accumulated annually until 10 years is presented

YAMHILL COUNTY
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 3,211,767	\$ 2,474,675	\$ 2,579,469	\$ 1,526,840	\$ 1,516,018	\$ 1,521,246	\$ 1,532,937	\$ 993,769	\$ 1,020,859	\$ 1,887,434
Contractually required contributions recognized by the pension plan	3,211,767	2,474,675	2,579,469	1,526,840	1,516,018	1,521,246	1,532,937	993,769	1,020,859	1,887,434
Difference	-	-	-	-	-	-	-	-	-	-
Covered payroll	28,700,590	26,656,712	25,747,864	24,083,363	22,515,420	21,801,224	21,467,871	21,694,412	21,630,832	20,823,459
Contractually required contributions as a percentage of covered payroll	11.19060%	9.28350%	10.01819%	6.33981%	6.73324%	6.97780%	7.14061%	4.58076%	4.71946%	9.06398%

* Information will be accumulated until 10 years are presented.

YAMHILL COUNTY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER
POSTEMPLOYMENT BENEFIT LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, ***

	<u>2017</u>		<u>2016</u>
Proportion of the collective net OPEB liability (asset)	0.25595970%		0.26503113%
Proportionate share of the collective net OPEB liability (asset) \$	(106,822)	\$	71,972
Covered payroll	\$ 28,700,590	\$	26,656,712
Proportionate share of the collective net OPEB liability (asset) as a percentage of the covered payroll	-0.372%		0.270%
OPEB plan's fiduciary net position as a percentage of the total OPEB liability (asset)	108.879%		94.148%

* Information will be accumulated annually until 10 years is presented

YAMHILL COUNTY

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Last 10 Years Ended June 30, *

	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 129,935	\$ 127,648
Contractually required contributions recognized by the OPEB plan	129,935	127,648
Difference	-	-
Covered payroll	28,700,590	26,656,712
Contractually required contributions as a percentage of covered payroll	0.45273%	0.47886%

* Information will be accumulated until 10 years are presented.

YAMHILL COUNTY
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER
POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
Last 10 Plan Fiscal Years*

	June 30, 2018
Service cost	\$ 131,784
Interest on total OPEB liability	49,390
Effect of assumptions changes or inputs	(109,833)
Benefit payments	(80,403)
Net change in total OPEB liability	(9,062)
Total OPEB liability - beginning of year	1,641,128
Total OPEB liability - end of year	\$ 1,632,066
Covered payroll	\$ 28,700,590
Total OPEB liability as a percentage of covered payroll	5.7%

Notes to schedule

*Information will be accumulated until 10 years are presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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YAMHILL COUNTY
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2018

	<u>General</u>	<u>O&C Reserve</u>	<u>Landfill License Agreement</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,803,840	\$ 356,091	\$ 369,769	\$ 9,529,700
Investments	7,193,839	309,767	321,665	7,825,271
Receivables	2,447,987	-	-	2,447,987
Prepaid items	166,100	-	-	166,100
Advances to other funds	-	-	451,937	451,937
TOTAL ASSETS	<u>\$ 18,611,766</u>	<u>\$ 665,858</u>	<u>\$ 1,143,371</u>	<u>\$ 20,420,995</u>
<u>LIABILITIES</u>				
Account payable	\$ 993,282	\$ -	\$ -	\$ 993,282
Payroll and related liabilities	1,014,553	-	-	1,014,553
Deposits	925	-	-	925
TOTAL LIABILITIES	<u>2,008,760</u>	<u>-</u>	<u>-</u>	<u>2,008,760</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	1,218,768	-	-	1,218,768
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,218,768</u>	<u>-</u>	<u>-</u>	<u>1,218,768</u>
<u>FUND BALANCES</u>				
Nonspendable	166,100	-	451,937	618,037
Assigned	-	-	691,434	691,434
Unassigned	15,218,138	665,858	-	15,883,996
TOTAL FUND BALANCES	<u>15,384,238</u>	<u>665,858</u>	<u>1,143,371</u>	<u>17,193,467</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,611,766</u>	<u>\$ 665,858</u>	<u>\$ 1,143,371</u>	<u>\$ 20,420,995</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
For the Year Ended June 30, 2018**

	General	O&C Reserve	Landfill License Agreement	Totals
REVENUES				
Property taxes	\$ 22,184,411	\$ -	\$ -	\$ 22,184,411
Miscellaneous taxes	21,156	-	-	21,156
Licenses, permits and fees	1,339,639	-	-	1,339,639
Intergovernmental	4,716,395	168,842	-	4,885,237
Charges for services	5,100,096	-	-	5,100,096
Fines and forfeitures	290,742	-	-	290,742
Interest	254,300	268	6,562	261,130
Other	291,565	-	-	291,565
	<u>34,198,304</u>	<u>169,110</u>	<u>6,562</u>	<u>34,373,976</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	10,025,008	13,889	-	10,038,897
Public safety	18,298,602	-	-	18,298,602
Health and welfare	-	-	15,325	15,325
Parks, culture, and recreation	215,374	-	-	215,374
Capital outlay	751,252	-	-	751,252
	<u>29,290,236</u>	<u>13,889</u>	<u>15,325</u>	<u>29,319,450</u>
TOTAL EXPENDITURES				
Excess (deficiency) of revenues over expenditures	<u>4,908,068</u>	<u>155,221</u>	<u>(8,763)</u>	<u>5,054,526</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,150,305	-	-	2,150,305
Transfers out	(5,900,411)	(8,477)	(6,685)	(5,915,573)
	<u>(3,750,106)</u>	<u>(8,477)</u>	<u>(6,685)</u>	<u>(3,765,268)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
Net change in fund balances	1,157,962	146,744	(15,448)	1,289,258
Fund balances at beginning of year	14,226,276	519,114	1,158,819	15,904,209
	<u>15,384,238</u>	<u>665,858</u>	<u>1,143,371</u>	<u>17,193,467</u>
Fund balances at end of year				

YAMHILL COUNTY

**O&C RESERVE - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 10,000	\$ 168,842	\$ 158,842
Interest	<u>8,000</u>	<u>7,420</u>	<u>(580)</u>
TOTAL REVENUES	<u>18,000</u>	<u>176,262</u>	<u>158,262</u>
EXPENDITURES			
O&C reserve	<u>529,044</u>	<u>17,866</u>	<u>511,178</u>
TOTAL EXPENDITURES	<u>529,044</u>	<u>17,866</u>	<u>511,178</u>
Excess (deficiency) of revenues over expenditures	<u>(511,044)</u>	<u>158,396</u>	<u>669,440</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>
Net change in fund balance	(515,544)	153,896	669,440
Fund balance at beginning of year	<u>515,544</u>	<u>519,114</u>	<u>3,570</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 673,010</u>	<u>\$ 673,010</u>

YAMHILL COUNTY

**LANDFILL LICENSE AGREEMENT - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 2,700	\$ 9,614	\$ 6,914
Miscellaneous	<u>52,438</u>	<u>52,438</u>	<u>-</u>
TOTAL REVENUES	<u>55,138</u>	<u>62,052</u>	<u>6,914</u>
EXPENDITURES			
Landfill license agreement	<u>156,685</u>	<u>22,010</u>	<u>134,675</u>
TOTAL EXPENDITURES	<u>156,685</u>	<u>22,010</u>	<u>134,675</u>
Net change in fund balance	(101,547)	40,042	141,589
Fund balance at beginning of year	<u>257,784</u>	<u>658,819</u>	<u>401,035</u>
Fund balance at end of year	<u>\$ 156,237</u>	<u>\$ 698,861</u>	<u>\$ 542,624</u>

YAMHILL COUNTY

**CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 1,530,916	\$ 1,430,916
Charges for services	1,957,154	1,957,154	2,082,088	124,934
Interest earnings	11,000	11,000	55,378	44,378
Other	<u>28,000</u>	<u>28,000</u>	<u>6,661</u>	<u>(21,339)</u>
TOTAL REVENUES	<u>2,096,154</u>	<u>2,096,154</u>	<u>3,675,043</u>	<u>1,578,889</u>
EXPENDITURES				
Clerk voting equipment	250,000	250,000	174,941	75,059
Facilities maintenance	1,406,217	1,406,217	1,232,179	174,038
Information systems	502,277	502,277	258,524	243,753
Capital improvement	755,904	755,904	392,488	363,416
Jail	307,000	307,000	49,797	257,203
Maintenance reserve	105,627	105,627	-	105,627
Software reserve	1,843,666	843,666	273,501	570,165
Capital projects	1,113,000	2,113,000	1,404,916	708,084
Jail maintenance	574,327	574,327	515,257	59,070
Debt service	<u>274,111</u>	<u>274,111</u>	<u>274,108</u>	<u>3</u>
TOTAL EXPENDITURES	<u>7,132,129</u>	<u>7,132,129</u>	<u>4,575,711</u>	<u>2,556,418</u>
Excess (deficiency) of revenues over expenditures	<u>(5,035,975)</u>	<u>(5,035,975)</u>	<u>(900,668)</u>	<u>4,135,307</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	924,242	924,242	924,242	-
Transfers out	<u>(121,790)</u>	<u>(121,790)</u>	<u>(121,790)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>802,452</u>	<u>802,452</u>	<u>802,452</u>	<u>-</u>
Net change in fund balance	(4,233,523)	(4,233,523)	(98,216)	4,135,307
Fund balance at beginning of year	<u>4,563,180</u>	<u>4,563,180</u>	<u>3,967,304</u>	<u>(595,876)</u>
Fund balance at end of year	<u>\$ 329,657</u>	<u>\$ 329,657</u>	<u>\$ 3,869,088</u>	<u>\$ 3,539,431</u>

YAMHILL COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue	Capital Projects	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,676,124	\$ 158,616	\$ 3,834,740
Investments	3,195,846	137,981	3,333,827
Receivables	66,874	6,589	73,463
Prepaid items	38,031	-	38,031
Advances to other funds	276,579	-	276,579
 TOTAL ASSETS	 \$ 7,253,454	 \$ 303,186	 \$ 7,556,640
 <u>LIABILITIES</u>			
Accounts payable	\$ 85,404	\$ 6,139	\$ 91,543
Payroll and related liabilities	183,688	-	183,688
Deposits	64,359	-	64,359
 TOTAL LIABILITIES	 333,451	 6,139	 339,590
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	51,776	-	51,776
 TOTAL DEFERRED INFLOWS OF RESOURCES	 51,776	 -	 51,776
 <u>FUND BALANCES</u>			
Nonspendable	314,610	-	314,610
Restricted	6,553,617	297,047	6,850,664
 TOTAL FUND BALANCES	 6,868,227	 297,047	 7,165,274
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 7,253,454	 \$ 303,186	 \$ 7,556,640

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

	Special Revenue	Capital Projects	Totals
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 385,751	\$ -	\$ 385,751
Miscellaneous taxes	10,562	-	10,562
Licenses, permits and fees	212,172	-	212,172
Intergovernmental	4,357,947	69,444	4,427,391
Charges for services	1,298,730	164,674	1,463,404
Fines and forfeitures	103,816	-	103,816
Interest	29,761	1,173	30,934
Other	105,781	-	105,781
	<u>6,504,520</u>	<u>235,291</u>	<u>6,739,811</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	419,691	-	419,691
Public safety	3,786,716	-	3,786,716
Highways and streets	-	37	37
Health and welfare	308,403	-	308,403
Parks, culture, and recreation	515,641	140,800	656,441
Education	57,743	-	57,743
Capital outlay	382,934	31,281	414,215
	<u>5,471,128</u>	<u>172,118</u>	<u>5,643,246</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>1,033,392</u>	<u>63,173</u>	<u>1,096,565</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	400,418	-	400,418
Transfers out	<u>(1,514,228)</u>	<u>(55,626)</u>	<u>(1,569,854)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,113,810)</u>	<u>(55,626)</u>	<u>(1,169,436)</u>
Net change in fund balances	(80,418)	7,547	(72,871)
Fund balances at beginning of year	<u>6,948,645</u>	<u>289,500</u>	<u>7,238,145</u>
Fund balances at end of year	<u>\$ 6,868,227</u>	<u>\$ 297,047</u>	<u>\$ 7,165,274</u>

YAMHILL COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	Community Corrections	Solid Waste	County Clerk's Records	Dog Control	Law Library
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,081,514	\$ 1,682,691	\$ 43,958	\$ 181,104	\$ 22,867
Investments	940,558	1,463,700	38,239	157,458	19,892
Receivables	6,991	28,226	-	492	-
Prepaid items	2,200	32,598	-	-	140
Advances to other funds	-	276,579	-	-	-
TOTAL ASSETS	<u>\$ 2,031,263</u>	<u>\$ 3,483,794</u>	<u>\$ 82,197</u>	<u>\$ 339,054</u>	<u>\$ 42,899</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 18,527	\$ 5,015	\$ -	\$ 27,175	\$ 3,008
Payroll and related liabilities	163,593	6,337	1	6,221	186
Deposits	-	-	-	-	-
TOTAL LIABILITIES	<u>182,120</u>	<u>11,352</u>	<u>1</u>	<u>33,396</u>	<u>3,194</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>					
Nonspendable	2,200	309,177	-	-	140
Restricted	1,846,943	3,163,265	82,196	305,658	39,565
TOTAL FUND BALANCES	<u>1,849,143</u>	<u>3,472,442</u>	<u>82,196</u>	<u>305,658</u>	<u>39,705</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,031,263</u>	<u>\$ 3,483,794</u>	<u>\$ 82,197</u>	<u>\$ 339,054</u>	<u>\$ 42,899</u>

County School	County Fair	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ 54	\$ 101,214	\$ 318,973	\$ 156,891	\$ 41,093	\$ 36,631	\$ 9,134	\$ 3,676,124
-	86,569	277,478	136,480	35,747	31,779	7,946	3,195,846
-	-	-	-	-	31,165	-	66,874
-	3,093	-	-	-	-	-	38,031
-	-	-	-	-	-	-	276,579
<u>\$ 54</u>	<u>\$ 190,876</u>	<u>\$ 596,451</u>	<u>\$ 293,371</u>	<u>\$ 76,840</u>	<u>\$ 99,575</u>	<u>\$ 17,080</u>	<u>\$ 7,253,454</u>
\$ -	\$ 11,727	\$ 19,705	\$ 201	\$ -	\$ 46	\$ -	\$ 85,404
-	3,986	-	2,359	-	-	1,005	183,688
-	-	-	64,359	-	-	-	64,359
-	15,713	19,705	66,919	-	46	1,005	333,451
-	31,873	-	-	-	19,903	-	51,776
-	31,873	-	-	-	19,903	-	51,776
-	3,093	-	-	-	-	-	314,610
54	140,197	576,746	226,452	76,840	79,626	16,075	6,553,617
54	143,290	576,746	226,452	76,840	79,626	16,075	6,868,227
<u>\$ 54</u>	<u>\$ 190,876</u>	<u>\$ 596,451</u>	<u>\$ 293,371</u>	<u>\$ 76,840</u>	<u>\$ 99,575</u>	<u>\$ 17,080</u>	<u>\$ 7,253,454</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

	Community Corrections	Solid Waste	County Clerk's Records	Dog Control	Law Library
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous taxes	-	-	-	-	-
Licenses, permits and fees	-	-	-	212,172	-
Intergovernmental	3,856,563	-	-	-	-
Charges for services	405,883	392,243	13,698	6,000	-
Fines and forfeitures	-	-	-	26,361	77,455
Interest	10,584	11,348	261	1,214	429
Other	<u>25,116</u>	<u>2,700</u>	<u>-</u>	<u>7,883</u>	<u>-</u>
TOTAL REVENUES	<u>4,298,146</u>	<u>406,291</u>	<u>13,959</u>	<u>253,630</u>	<u>77,884</u>
EXPENDITURES					
Current					
General government	-	-	16,052	-	57,542
Public safety	3,538,198	-	-	248,518	-
Health and welfare	-	308,403	-	-	-
Parks, culture, and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,538,198</u>	<u>308,403</u>	<u>16,052</u>	<u>248,518</u>	<u>57,542</u>
Excess (deficiency) of revenues over expenditures	<u>759,948</u>	<u>97,888</u>	<u>(2,093)</u>	<u>5,112</u>	<u>20,342</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	352,918	-	-	-	-
Transfers out	<u>(1,050,550)</u>	<u>(208,972)</u>	<u>(383)</u>	<u>(18,763)</u>	<u>(7,611)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(697,632)</u>	<u>(208,972)</u>	<u>(383)</u>	<u>(18,763)</u>	<u>(7,611)</u>
Net change in fund balances	62,316	(111,084)	(2,476)	(13,651)	12,731
Fund balances at beginning of year	<u>1,786,827</u>	<u>3,583,526</u>	<u>84,672</u>	<u>319,309</u>	<u>26,974</u>
Fund balances at end of year	<u>\$ 1,849,143</u>	<u>\$ 3,472,442</u>	<u>\$ 82,196</u>	<u>\$ 305,658</u>	<u>\$ 39,705</u>

County School	County Fair	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385,751	\$ -	\$ 385,751
10,562	-	-	-	-	-	-	10,562
-	-	-	-	-	-	-	212,172
47,029	53,167	356,461	-	-	-	44,727	4,357,947
-	403,201	-	77,705	-	-	-	1,298,730
-	-	-	-	-	-	-	103,816
206	143	1,937	889	258	2,020	472	29,761
-	<u>70,082</u>	-	-	-	-	-	<u>105,781</u>
<u>57,797</u>	<u>526,593</u>	<u>358,398</u>	<u>78,594</u>	<u>258</u>	<u>387,771</u>	<u>45,199</u>	<u>6,504,520</u>
-	-	290,253	55,844	-	-	-	419,691
-	-	-	-	-	-	-	3,786,716
-	-	-	-	-	-	-	308,403
-	486,017	-	-	-	-	29,624	515,641
57,743	-	-	-	-	-	-	57,743
-	<u>3,148</u>	-	-	-	<u>379,786</u>	-	<u>382,934</u>
<u>57,743</u>	<u>489,165</u>	<u>290,253</u>	<u>55,844</u>	<u>-</u>	<u>379,786</u>	<u>29,624</u>	<u>5,471,128</u>
<u>54</u>	<u>37,428</u>	<u>68,145</u>	<u>22,750</u>	<u>258</u>	<u>7,985</u>	<u>15,575</u>	<u>1,033,392</u>
-	43,000	-	-	-	-	4,500	400,418
-	<u>(108,208)</u>	<u>(70,156)</u>	<u>(23,663)</u>	<u>(1)</u>	<u>(383)</u>	<u>(25,538)</u>	<u>(1,514,228)</u>
-	<u>(65,208)</u>	<u>(70,156)</u>	<u>(23,663)</u>	<u>(1)</u>	<u>(383)</u>	<u>(21,038)</u>	<u>(1,113,810)</u>
54	(27,780)	(2,011)	(913)	257	7,602	(5,463)	(80,418)
-	<u>171,070</u>	<u>578,757</u>	<u>227,365</u>	<u>76,583</u>	<u>72,024</u>	<u>21,538</u>	<u>6,948,645</u>
<u>\$ 54</u>	<u>\$ 143,290</u>	<u>\$ 576,746</u>	<u>\$ 226,452</u>	<u>\$ 76,840</u>	<u>\$ 79,626</u>	<u>\$ 16,075</u>	<u>\$ 6,868,227</u>

YAMHILL COUNTY

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2018**

	Bicycle and Footpath	Systems Development	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 80,324	\$ 78,292	\$ 158,616
Investments	69,874	68,107	137,981
Receivables	<u>6,589</u>	<u>-</u>	<u>6,589</u>
 TOTAL ASSETS	 <u>\$ 156,787</u>	 <u>\$ 146,399</u>	 <u>\$ 303,186</u>
 <u>LIABILITIES</u>			
Accounts payable	<u>\$ -</u>	<u>\$ 6,139</u>	<u>\$ 6,139</u>
 TOTAL LIABILITIES	 <u>-</u>	 <u>6,139</u>	 <u>6,139</u>
 <u>FUND BALANCES</u>			
Restricted for capital projects	<u>156,787</u>	<u>140,260</u>	<u>297,047</u>
 TOTAL FUND BALANCES	 <u>156,787</u>	 <u>140,260</u>	 <u>297,047</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 156,787</u>	 <u>\$ 146,399</u>	 <u>\$ 303,186</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2018**

	Bicycle and Footpath	Systems Development	Totals
REVENUES			
Intergovernmental	\$ 69,444	\$ -	\$ 69,444
Charges for services	-	164,674	164,674
Interest	334	839	1,173
	<u>69,778</u>	<u>165,513</u>	<u>235,291</u>
TOTAL REVENUES			
	<u>69,778</u>	<u>165,513</u>	<u>235,291</u>
EXPENDITURES			
Current			
Highways and streets	37	-	37
Parks, culture, and recreation	-	140,800	140,800
Capital outlay	-	31,281	31,281
	<u>37</u>	<u>172,081</u>	<u>172,118</u>
TOTAL EXPENDITURES			
	<u>37</u>	<u>172,081</u>	<u>172,118</u>
Excess (deficiency) of revenues over expenditures	<u>69,741</u>	<u>(6,568)</u>	<u>63,173</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(54,538)</u>	<u>(1,088)</u>	<u>(55,626)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>(54,538)</u>	<u>(1,088)</u>	<u>(55,626)</u>
Net change in fund balances	15,203	(7,656)	7,547
Fund balances at beginning of year	<u>141,584</u>	<u>147,916</u>	<u>289,500</u>
Fund balances at end of year	<u>\$ 156,787</u>	<u>\$ 140,260</u>	<u>\$ 297,047</u>

YAMHILL COUNTY

**COMMUNITY CORRECTIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 3,854,638	\$ 3,856,563	\$ 1,925
Charges for services	551,026	548,451	(2,575)
Interest earnings	13,000	32,301	19,301
Other	<u>25,000</u>	<u>25,116</u>	<u>116</u>
TOTAL REVENUES	<u>4,443,664</u>	<u>4,462,431</u>	<u>18,767</u>
EXPENDITURES			
Community corrections	<u>5,161,519</u>	<u>4,484,908</u>	<u>676,611</u>
TOTAL EXPENDITURES	<u>5,161,519</u>	<u>4,484,908</u>	<u>676,611</u>
Excess (deficiency) of revenues over expenditures	<u>(717,855)</u>	<u>(22,477)</u>	<u>695,378</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	210,350	210,350	-
Transfers out	<u>-</u>	<u>(103,840)</u>	<u>(103,840)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>210,350</u>	<u>106,510</u>	<u>(103,840)</u>
Net change in fund balance	(507,505)	84,033	591,538
Fund balance at beginning of year	<u>1,315,000</u>	<u>1,786,827</u>	<u>471,827</u>
Fund balance at end of year	<u>\$ 807,495</u>	<u>\$ 1,870,860</u>	<u>\$ 1,063,365</u>

YAMHILL COUNTY

**SOLID WASTE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 348,263	\$ 392,243	\$ 43,980
Interest earnings	21,412	45,144	23,732
Other	<u>2,700</u>	<u>2,700</u>	<u>-</u>
TOTAL REVENUES	<u>372,375</u>	<u>440,087</u>	<u>67,712</u>
EXPENDITURES			
Solid waste	1,404,146	428,375	975,771
Contingency	<u>2,044,561</u>	<u>-</u>	<u>2,044,561</u>
TOTAL EXPENDITURES	<u>3,448,707</u>	<u>428,375</u>	<u>3,020,332</u>
Excess (deficiency) of revenues over expenditures	<u>(3,076,332)</u>	<u>11,712</u>	<u>3,088,044</u>
OTHER FINANCING SOURCES (USES)			
Repayments of interfund loans	85,714	85,714	-
Transfers out	<u>(89,000)</u>	<u>(89,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,286)</u>	<u>(3,286)</u>	<u>-</u>
Net change in fund balance	(3,079,618)	8,426	3,088,044
Fund balance at beginning of year	<u>3,079,618</u>	<u>3,221,233</u>	<u>141,615</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,229,659</u>	<u>\$ 3,229,659</u>

YAMHILL COUNTY

**COUNTY CLERK'S RECORDS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 15,800	\$ 13,698	\$ (2,102)
Interest	<u>540</u>	<u>1,144</u>	<u>604</u>
TOTAL REVENUES	<u>16,340</u>	<u>14,842</u>	<u>(1,498)</u>
EXPENDITURES			
County clerk's records	<u>51,730</u>	<u>16,435</u>	<u>35,295</u>
TOTAL EXPENDITURES	<u>51,730</u>	<u>16,435</u>	<u>35,295</u>
Net change in fund balance	(35,390)	(1,593)	33,797
Fund balance at beginning of year	<u>45,692</u>	<u>84,672</u>	<u>38,980</u>
Fund balance at end of year	<u>\$ 10,302</u>	<u>\$ 83,079</u>	<u>\$ 72,777</u>

YAMHILL COUNTY

**DOG CONTROL - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 198,800	\$ 212,172	\$ 13,372
Charges for services	23,000	6,000	(17,000)
Fines and penalties	17,000	26,361	9,361
Interest	248	4,850	4,602
Miscellaneous	<u>20,063</u>	<u>7,883</u>	<u>(12,180)</u>
 TOTAL REVENUES	 <u>259,111</u>	 <u>257,266</u>	 <u>(1,845)</u>
 EXPENDITURES			
Dog control	<u>258,358</u>	<u>267,281</u>	<u>(8,923)</u>
 TOTAL EXPENDITURES	 <u>258,358</u>	 <u>267,281</u>	 <u>(8,923)</u>
 Net change in fund balance	753	(10,015)	(10,768)
Fund balance at beginning of year	<u>265,904</u>	<u>319,309</u>	<u>53,405</u>
 Fund balance at end of year	 <u><u>\$ 266,657</u></u>	 <u><u>\$ 309,294</u></u>	 <u><u>\$ 42,637</u></u>

YAMHILL COUNTY

**LAW LIBRARY - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and penalties	\$ 75,000	\$ 77,455	\$ 2,455
Interest	<u>300</u>	<u>888</u>	<u>588</u>
 TOTAL REVENUES	 <u>75,300</u>	 <u>78,343</u>	 <u>3,043</u>
 EXPENDITURES			
Law library	86,889	65,153	21,736
Contingency	<u>3,500</u>	<u>-</u>	<u>3,500</u>
 TOTAL EXPENDITURES	 <u>90,389</u>	 <u>65,153</u>	 <u>25,236</u>
 Net change in fund balance	 (15,089)	 13,190	 28,279
Fund balance at beginning of year	<u>15,089</u>	<u>26,974</u>	<u>11,885</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 40,164</u>	 <u>\$ 40,164</u>

YAMHILL COUNTY

**COUNTY SCHOOL - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Miscellaneous taxes	\$ 10,000	\$ 10,562	\$ 562
Intergovernmental	85,000	47,029	(37,971)
Interest	<u>100</u>	<u>206</u>	<u>106</u>
TOTAL REVENUES	<u>95,100</u>	<u>57,797</u>	<u>(37,303)</u>
EXPENDITURES			
County school	<u>95,100</u>	<u>57,743</u>	<u>37,357</u>
TOTAL EXPENDITURES	<u>95,100</u>	<u>57,743</u>	<u>37,357</u>
Net change in fund balance	-	54	54
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 54</u>

YAMHILL COUNTY

**COUNTY FAIR - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 50,500	\$ 53,167	\$ 2,667
Charges for services	429,200	446,201	17,001
Interest	225	2,142	1,917
Other	<u>58,400</u>	<u>70,082</u>	<u>11,682</u>
TOTAL REVENUES	<u>538,325</u>	<u>571,592</u>	<u>33,267</u>
EXPENDITURES			
County Fair	666,972	597,373	69,599
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>671,972</u>	<u>597,373</u>	<u>74,599</u>
Net change in fund balance	(133,647)	(25,781)	107,866
Fund balance at beginning of year	<u>133,647</u>	<u>171,070</u>	<u>37,423</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 145,289</u>	<u>\$ 145,289</u>

YAMHILL COUNTY

**ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 270,000	\$ 356,461	\$ 86,461
Interest	<u>3,000</u>	<u>8,344</u>	<u>5,344</u>
 TOTAL REVENUES	 <u>273,000</u>	 <u>364,805</u>	 <u>91,805</u>
 EXPENDITURES			
Economic development	<u>840,362</u>	<u>360,409</u>	<u>479,953</u>
 TOTAL EXPENDITURES	 <u>840,362</u>	 <u>360,409</u>	 <u>479,953</u>
 Net change in fund balance	 (567,362)	 4,396	 571,758
Fund balance at beginning of year	<u>567,362</u>	<u>578,757</u>	<u>11,395</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 583,153</u>	 <u>\$ 583,153</u>

YAMHILL COUNTY

**CORNER RESTORATION - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 81,000	\$ 77,705	\$ (3,295)
Interest	<u>1,200</u>	<u>4,040</u>	<u>2,840</u>
TOTAL REVENUES	<u>82,200</u>	<u>81,745</u>	<u>(455)</u>
EXPENDITURES			
Corner preservation	<u>127,105</u>	<u>64,507</u>	<u>62,598</u>
TOTAL EXPENDITURES	<u>127,105</u>	<u>64,507</u>	<u>62,598</u>
Excess (deficiency) of revenues over expenditures	<u>(44,905)</u>	<u>17,238</u>	<u>62,143</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Net change in fund balance	(44,905)	2,238	47,143
Fund balance at beginning of year	<u>224,198</u>	<u>227,365</u>	<u>3,167</u>
Fund balance at end of year	<u>\$ 179,293</u>	<u>\$ 229,603</u>	<u>\$ 50,310</u>

YAMHILL COUNTY

**TITLE III - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 20,000	\$ -	\$ (20,000)
Interest	<u>1,000</u>	<u>1,083</u>	<u>83</u>
TOTAL REVENUES	<u>21,000</u>	<u>1,083</u>	<u>(19,917)</u>
EXPENDITURES			
Title III	<u>98,000</u>	<u>1</u>	<u>97,999</u>
TOTAL EXPENDITURES	<u>98,000</u>	<u>1</u>	<u>97,999</u>
Net change in fund balance	(77,000)	1,082	78,082
Fund balance at beginning of year	<u>77,000</u>	<u>76,583</u>	<u>(417)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 77,665</u>	<u>\$ 77,665</u>

YAMHILL COUNTY

**EXTENSION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 363,683	\$ 385,751	\$ 22,068
Interest	<u>-</u>	<u>2,754</u>	<u>2,754</u>
 TOTAL REVENUES	 <u>363,683</u>	 <u>388,505</u>	 <u>24,822</u>
 EXPENDITURES			
Extension	<u>381,283</u>	<u>380,169</u>	<u>1,114</u>
 TOTAL EXPENDITURES	 <u>381,283</u>	 <u>380,169</u>	 <u>1,114</u>
 Net change in fund balance	 (17,600)	 8,336	 25,936
Fund balance at beginning of year	<u>87,300</u>	<u>72,024</u>	<u>(15,276)</u>
 Fund balance at end of year	 <u>\$ 69,700</u>	 <u>\$ 80,360</u>	 <u>\$ 10,660</u>

YAMHILL COUNTY

**HABITAT CONSERVATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 44,727	\$ 44,727	\$ -
Other	<u>200</u>	<u>655</u>	<u>455</u>
TOTAL REVENUES	<u>44,927</u>	<u>45,382</u>	<u>455</u>
EXPENDITURES			
Habitat conservation	55,488	55,162	326
Contingency	<u>9,000</u>	<u>-</u>	<u>9,000</u>
TOTAL EXPENDITURES	<u>64,488</u>	<u>55,162</u>	<u>9,326</u>
Excess (deficiency) of revenues over expenditures	<u>(19,561)</u>	<u>(9,780)</u>	<u>9,781</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>4,500</u>	<u>4,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Net change in fund balance	(15,061)	(5,280)	9,781
Fund balance at beginning of year	<u>15,061</u>	<u>21,538</u>	<u>6,477</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 16,258</u>	<u>\$ 16,258</u>

YAMHILL COUNTY

**BICYCLE AND FOOTPATH - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 62,919	\$ 69,444	\$ 6,525
Interest	<u>200</u>	<u>1,947</u>	<u>1,747</u>
TOTAL REVENUES	<u>63,119</u>	<u>71,391</u>	<u>8,272</u>
EXPENDITURES			
Bicycle and footpath	54,505	54,575	(70)
Contingency	<u>151,579</u>	<u>-</u>	<u>151,579</u>
TOTAL EXPENDITURES	<u>206,084</u>	<u>54,575</u>	<u>151,509</u>
Net change in fund balance	(142,965)	16,816	159,781
Fund balance at beginning of year	<u>142,965</u>	<u>141,584</u>	<u>(1,381)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 158,400</u>	<u>\$ 158,400</u>

YAMHILL COUNTY

**SYSTEMS DEVELOPMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 69,740	\$ 164,674	\$ 94,934
Interest	<u>750</u>	<u>2,412</u>	<u>1,662</u>
TOTAL REVENUES	<u>70,490</u>	<u>167,086</u>	<u>96,596</u>
EXPENDITURES			
Systems development	<u>215,667</u>	<u>173,169</u>	<u>42,498</u>
TOTAL EXPENDITURES	<u>215,667</u>	<u>173,169</u>	<u>42,498</u>
Net change in fund balance	(145,177)	(6,083)	139,094
Fund balance at beginning of year	<u>145,631</u>	<u>147,916</u>	<u>2,285</u>
Fund balance at end of year	<u>\$ 454</u>	<u>\$ 141,833</u>	<u>\$ 141,379</u>

YAMHILL COUNTY

**COVE ORCHARD SEWER - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 47,040	\$ 46,322	\$ (718)
Interest	450	1,035	585
Other	<u>-</u>	<u>253</u>	<u>253</u>
 TOTAL REVENUES	 <u>47,490</u>	 <u>47,610</u>	 <u>120</u>
 EXPENDITURES			
Personnel services	5,655	5,281	374
Materials and services	64,827	44,641	20,186
Capital outlay	8,000	-	8,000
Contingency	<u>22,976</u>	<u>-</u>	<u>22,976</u>
 TOTAL EXPENDITURES	 <u>101,458</u>	 <u>49,922</u>	 <u>51,536</u>
 Net change in fund balance	 (53,968)	 (2,312)	 51,656
Fund balance at beginning of year	<u>53,968</u>	<u>69,293</u>	<u>15,325</u>
 Fund balance at end of year	 <u>\$ -</u>	 66,981	 <u>\$ 66,981</u>
 Reconciliation to generally accepted accounting principles			
Fair value adjustment - investments		(722)	
Receivables		22,887	
Capital assets, net		87,749	
Compensated absences		<u>(121)</u>	
 Net position at end of year		 <u>\$ 176,774</u>	

YAMHILL COUNTY

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018**

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
<u>ASSETS</u>				
Cash and cash equivalents	\$ 301,914	\$ 2,833,414	\$ 706,887	\$ 3,842,215
Investments	262,637	2,398,675	614,926	3,276,238
Receivables	8,890	54,644	66,715	130,249
Prepaid items	-	280	-	280
Advances to other funds	-	331,054	451,937	782,991
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	573,441	5,618,067	1,840,465	8,031,973
Capital assets, net	337,166	-	1,835,353	2,172,519
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	910,607	5,618,067	3,675,818	10,204,492
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	9,131	7,128	2,094	18,353
Payroll and related liabilities	5,765	1,272	-	7,037
Compensated absences payable	2,631	3,285	-	5,916
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	17,527	11,685	2,094	31,306
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>				
Investment in capital assets	337,166	-	1,835,353	2,172,519
Unrestricted	555,914	5,606,382	1,838,371	8,000,667
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 893,080	\$ 5,606,382	\$ 3,673,724	\$ 10,173,186
	<hr/>	<hr/>	<hr/>	<hr/>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 66,613	\$ -	\$ 66,613
Other	<u>117,953</u>	<u>68,576</u>	<u>96,565</u>	<u>283,094</u>
TOTAL OPERATING REVENUES	<u>117,953</u>	<u>135,189</u>	<u>96,565</u>	<u>349,707</u>
OPERATING EXPENSES				
Personnel services	129,353	103,311	-	232,664
Materials and services	237,197	1,742,431	33,540	2,013,168
Depreciation	<u>52,545</u>	<u>-</u>	<u>552,052</u>	<u>604,597</u>
TOTAL OPERATING EXPENSES	<u>419,095</u>	<u>1,845,742</u>	<u>585,592</u>	<u>2,850,429</u>
Operating income (loss)	<u>(301,142)</u>	<u>(1,710,553)</u>	<u>(489,027)</u>	<u>(2,500,722)</u>
NONOPERATING REVENUES				
Investment earnings	311	11,810	8,070	20,191
(Loss) on sale of capital asset	<u>-</u>	<u>-</u>	<u>(414,609)</u>	<u>(414,609)</u>
TOTAL NONOPERATING REVENUES	<u>311</u>	<u>11,810</u>	<u>(406,539)</u>	<u>(394,418)</u>
Income (loss) before transfers	(300,831)	(1,698,743)	(895,566)	(2,895,140)
Transfers in	433,284	2,698,335	628,146	3,759,765
Transfers out	<u>(29,239)</u>	<u>(113,924)</u>	<u>(29,101)</u>	<u>(172,264)</u>
Change in net position	103,214	885,668	(296,521)	692,361
Net position-beginning	400,155	4,720,714	1,907,774	7,028,643
Prior period adjustment	<u>389,711</u>	<u>-</u>	<u>2,062,471</u>	<u>2,452,182</u>
Net position-end	<u>\$ 893,080</u>	<u>\$ 5,606,382</u>	<u>\$ 3,673,724</u>	<u>\$ 10,173,186</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018**

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 433,284	\$ 2,743,922	\$ 632,521	\$ 3,809,727
Other receipts	130,241	58,406	30,035	218,682
Payments for interfund services provided	(19,563)	(113,924)	(23,301)	(156,788)
Payments to suppliers of goods or services	(229,348)	(1,736,539)	(36,491)	(2,002,378)
Payments to employees for services	(124,867)	(102,334)	-	(227,201)
Net cash provided by operating activities	189,747	849,531	602,764	1,642,042
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments of advances from other funds	-	-	48,063	48,063
Transfers in	-	25,500	-	25,500
Net cash provided by noncapital financing activities	-	25,500	48,063	73,563
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(9,676)	-	(745,343)	(755,019)
Repayments of advances to other funds	-	77,233	-	77,233
Net cash provided by (used in) capital and related financing activities	(9,676)	77,233	(745,343)	(677,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	311	7,336	3,695	11,342
Purchase of investments	(98,611)	(606,943)	(11,784)	(717,338)
Net cash (used in) investing activities	(98,300)	(599,607)	(8,089)	(705,996)
Net increase (decrease) in cash and cash equivalents	81,771	352,657	(102,605)	331,823
Cash and cash equivalents-beginning of year	220,143	2,480,757	809,492	3,510,392
Cash and cash equivalents-end of year	\$ 301,914	\$ 2,833,414	\$ 706,887	\$ 3,842,215

COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
Reconciliation of operating (loss) to net cash provided by operating activities				
Operating (loss)	\$ (301,142)	\$ (1,710,553)	\$ (489,027)	\$ (2,500,722)
Adjustments to reconcile operating (loss) to net cash provided by operating activities				
Transfers in for interfund charges	433,284	2,677,309	632,521	3,743,114
Transfers out for interfund charges	(19,563)	(113,924)	(23,301)	(156,788)
Depreciation	52,545	-	552,052	604,597
(Increase) decrease in assets:				
Receivables	12,288	(10,170)	(66,530)	(64,412)
Prepaid items	-	(280)	-	(280)
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	7,849	6,172	(2,951)	11,070
Payroll and related liabilities	4,275	633	-	4,908
Compensated absences payable	211	344	-	555
Net cash provided by operating activities	<u>\$ 189,747</u>	<u>\$ 849,531</u>	<u>\$ 602,764</u>	<u>\$ 1,642,042</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers out	<u>\$ 9,676</u>	<u>\$ -</u>	<u>\$ 5,800</u>	<u>\$ 15,476</u>

YAMHILL COUNTY

**TELECOMMUNICATIONS - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 437,868	\$ 433,284	\$ (4,584)
Interest	1,500	6,375	4,875
Other	<u>139,472</u>	<u>117,953</u>	<u>(21,519)</u>
TOTAL REVENUES	<u>578,840</u>	<u>557,612</u>	<u>(21,228)</u>
EXPENDITURES			
Telecommunications	<u>680,379</u>	<u>395,578</u>	<u>284,801</u>
TOTAL EXPENDITURES	<u>680,379</u>	<u>395,578</u>	<u>284,801</u>
Net change in fund balance	(101,539)	162,034	263,573
Fund balance at beginning of year	<u>141,343</u>	<u>402,575</u>	<u>261,232</u>
Fund balance at end of year	<u>\$ 39,804</u>	564,609	<u>\$ 524,805</u>
Reconciliation to generally accepted accounting principles			
Fair value adjustment - investments		(6,064)	
Capital assets, net		337,166	
Compensated absences payable		<u>(2,631)</u>	
Net position at end of year		<u>\$ 893,080</u>	

YAMHILL COUNTY

**SELF-INSURANCE - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 2,883,029	\$ 2,743,922	\$ (139,107)
Interest	16,000	62,720	46,720
Other	<u>-</u>	<u>68,576</u>	<u>68,576</u>
TOTAL REVENUES	<u>2,899,029</u>	<u>2,875,218</u>	<u>(23,811)</u>
EXPENDITURES			
Insurance reserve	4,103,445	1,959,322	2,144,123
Contingency	<u>850,000</u>	<u>-</u>	<u>850,000</u>
TOTAL EXPENDITURES	<u>4,953,445</u>	<u>1,959,322</u>	<u>2,994,123</u>
Excess (deficiency) of revenues over expenditures	<u>(2,054,416)</u>	<u>915,896</u>	<u>2,970,312</u>
OTHER FINANCING SOURCES (USES)			
Repayments of interfund loans	77,234	77,233	(1)
Transfers in	<u>25,500</u>	<u>25,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>102,734</u>	<u>102,733</u>	<u>(1)</u>
Net change in fund balance	(1,951,682)	1,018,629	2,970,311
Fund balance at beginning of year	<u>4,072,090</u>	<u>4,315,368</u>	<u>243,278</u>
Fund balance at end of year	<u>\$ 2,120,408</u>	5,333,997	<u>\$ 3,213,589</u>
Reconciliation to generally accepted accounting principles			
Fair value adjustment - investments		(55,384)	
Advances to other funds		331,054	
Compensated absences payable		<u>(3,285)</u>	
Net position at end of year		<u>\$ 5,606,382</u>	

YAMHILL COUNTY

**MOTOR VEHICLE REPLACEMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 765,988	\$ 680,584	\$ (85,404)
Interest	21,000	17,893	(3,107)
Other	<u>51,000</u>	<u>96,565</u>	<u>45,565</u>
TOTAL REVENUES	<u>837,988</u>	<u>795,042</u>	<u>(42,946)</u>
EXPENDITURES			
Motor vehicle	1,619,742	802,184	817,558
Contingency	<u>145,000</u>	<u>-</u>	<u>145,000</u>
TOTAL EXPENDITURES	<u>1,764,742</u>	<u>802,184</u>	<u>962,558</u>
Net change in fund balance	(926,754)	(7,142)	919,612
Fund balance at beginning of year	<u>1,324,871</u>	<u>1,407,774</u>	<u>82,903</u>
Fund balance at end of year	<u>\$ 398,117</u>	1,400,632	<u>\$ 1,002,515</u>
Reconciliation to generally accepted accounting principles			
Fair value adjustment - investments		(14,198)	
Advances to other funds		451,937	
Capital assets, net		<u>1,835,353</u>	
Fund balance at end of year		<u>\$ 3,673,724</u>	

YAMHILL COUNTY

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2018

Agency Fund	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
<u>Unsegregated Tax and Interest</u>				
Assets				
Cash and investments	\$ 1,106,932	\$ 130,044,859	\$ 129,257,987	\$ 1,893,804
Property taxes receivable	<u>8,830,067</u>	<u>132,420,993</u>	<u>132,420,620</u>	<u>8,830,440</u>
Total assets	<u>\$ 9,936,999</u>	<u>\$ 262,465,852</u>	<u>\$ 261,678,607</u>	<u>\$ 10,724,244</u>
Liabilities				
Intergovernmental payables	<u>\$ 9,936,999</u>	<u>\$ 236,886,687</u>	<u>\$ 236,099,442</u>	<u>\$ 10,724,244</u>
<u>Holding Trust</u>				
Assets				
Cash and investments	<u>\$ 47,788</u>	<u>\$ 14,758</u>	<u>\$ 7,001</u>	<u>\$ 55,545</u>
Liabilities				
Amounts held in trust	<u>\$ 47,788</u>	<u>\$ 253,056</u>	<u>\$ 245,299</u>	<u>\$ 55,545</u>
<u>Assessment and Mapping</u>				
Assets				
Cash and investments	<u>\$ 270,221</u>	<u>\$ 977,037</u>	<u>\$ 958,674</u>	<u>\$ 288,584</u>
Liabilities				
Intergovernmental payables	<u>\$ 270,221</u>	<u>\$ 1,934,683</u>	<u>\$ 1,916,320</u>	<u>\$ 288,584</u>
<u>Total-All Agency Funds</u>				
Assets				
Cash and investments	\$ 1,424,941	\$ 131,036,654	\$ 130,223,662	\$ 2,237,933
Property taxes receivable	<u>8,830,067</u>	<u>132,420,993</u>	<u>132,420,620</u>	<u>8,830,440</u>
Total assets	<u>\$ 10,255,008</u>	<u>\$ 263,457,647</u>	<u>\$ 262,644,282</u>	<u>\$ 11,068,373</u>
Liabilities				
Intergovernmental payables	\$ 10,207,220	\$ 238,821,370	\$ 238,015,762	\$ 11,012,828
Amounts held in trust	<u>47,788</u>	<u>253,056</u>	<u>245,299</u>	<u>55,545</u>
Total liabilities	<u>\$ 10,255,008</u>	<u>\$ 239,074,426</u>	<u>\$ 238,261,061</u>	<u>\$ 11,068,373</u>

YAMHILL COUNTY

SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS AGENCY FUND For the Year Ended June 30, 2018

Official	Total Cash and Cash Equivalents				Total Cash and Cash Equivalents June 30, 2018	Classification of Cash and Cash Equivalents					
	June 30, 2017	Cash Receipts	Cash			Cash on Hand	Checking	Cash with Fiscal Agent	Local Govt Pool		Total
			Disbursements and Refunds	Turned to Treasurer					Investments	Other	
Assessor	\$ 350	\$ 506,208	\$ -	\$ (506,458)	\$ 100	\$ 100	\$ -	\$ -	\$ -	\$ 100	
Clerk	1,100	818,077	-	(817,877)	1,300	1,300	-	-	-	1,300	
Commissioners	4,700	104	-	(4,749)	55	55	-	-	-	55	
District Attorney	1,000	802,517	-	(802,117)	1,400	1,400	-	-	-	1,400	
Sheriff	460	3,885,993	-	(3,885,853)	600	600	-	-	-	600	
Treasurer	<u>51,570,607</u>	<u>80,854,936</u>	<u>(84,980,023)</u>	<u>6,017,054</u>	<u>53,462,574</u>	<u>7,160</u>	<u>772,833</u>	<u>723,010</u>	<u>51,959,571</u>	<u>53,462,574</u>	
	<u>\$ 51,578,217</u>	<u>\$ 86,867,835</u>	<u>\$ (84,980,023)</u>	<u>\$ -</u>	<u>\$ 53,466,029</u>	<u>\$ 10,615</u>	<u>\$ 772,833</u>	<u>\$ 723,010</u>	<u>\$ 51,959,571</u>	<u>\$ 53,466,029</u>	

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of County Commissioners
YAMHILL COUNTY
McMinnville, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of YAMHILL COUNTY as of and for the year ended June 30, 2018, and have issued our report thereon dated December 10, 2018.

Compliance

As part of obtaining reasonable assurance about whether the District'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 162-10-100 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.
- Programs funded from outside sources
- Highway revenues used for public highways, roads, and streets.
- Budgets legally required (ORS Chapter 294)
- Insurance and fidelity bonds in force or required by law.
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS (Continued)**

Compliance (continued)

In connection with our testing nothing came to our attention that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

- Expenditures in excess of appropriations (which is prohibited by ORS 294.456) were made in the following categories:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Bicycle and Footpath			
Bike and footpath	\$ 54,505	\$ 54,575	\$ (70)
Dog Control			
Dog control	258,358	267,281	(8,923)

- Historical information for the years ended June 30, 2016 and 2017 presented in the 2018-19 detail budget document does not agree to amounts reported in the budgetary comparisons contained in the annual financial reports for those years as required by ORS 294.358.

Internal Control OAR 162-10-230

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Restriction on Use

This report is intended solely for the information and use of the board of commissioners and management of YAMHILL COUNTY and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 10, 2018

By:



Bradley G. Bingenheimer, Member



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*

To the Board of Commissioners
Yamhill County
McMinnville, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of YAMHILL COUNTY as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 (Continued)*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 10, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Commissioners
Yamhill County
McMinnville, Oregon

Report on Compliance for Each Major Federal Program

We have audited YAMHILL COUNTY's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of YAMHILL COUNTY's major federal programs for the year ended June 30, 2018. YAMHILL COUNTY'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 the requirements of 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 the County'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 (CFR) 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, YAMHILL COUNTY complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (Continued)

Report on Internal Control over Compliance

Management of the County 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 the County'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 YAMHILL COUNTY's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. 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, we identified a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-001, that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon

December 10, 2018, except for our report on Highway Planning and Construction, CFDA Number 20.205, for which the date is May 28, 2019.

YAMHILL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major federal programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported

Type of auditor’s report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
20.509	Formula Grants for Other Than Urbanized Areas

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2018**

Section III - Federal Award Findings and Questioned Costs

Finding 2018-001

DEPARTMENT OF TRANSPORTATION 20.205 Highway Planning and Construction

Criteria: 2 CFR Part 200.302(b)(1) requires the nonfederal entity to identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received.

Condition: Yamhill County did not identify all federal awards received and expended.

Cause: Administration did not have a system in place to identify in its accounts all federal awards received and expended.

Effect: All federal grant expenditures during the period were not reported on the schedule of expenditures of federal awards.

Recommendations: Management should develop implement processes and procedures to identify all federal awards received and expended as required by 2 CFR Part 200.302(b)(1).

Management's Response:

Management agrees with the Finding. The situation occurred due to turnover of key personnel during the year who were not familiar with this grant. Management has taken the action to request the County's grant writer review the draft SEFA for missing grants prior to submitting to the auditors in future years.

Finding 2018-002

DEPARTMENT OF TRANSPORTATION 20.509 Formula Grants for Other Than Urbanized Areas

Criteria: 2 CFR Part 200.302(b)(7) requires the financial management system to include written procedures for determining the allowability of costs.

Condition: Yamhill County has not developed written procedures for determining the allowability of costs.

Cause: Administration did not have written procedures for determining the allowability of costs.

Effect: Unallowable costs could be charged to the program.

Questioned Costs: None

Perspective: Written procedures for determining the allowability of costs is integral to the proper design of internal controls. However, the results of audit procedures did not detect any costs which are not allowable charged to the program.

Recommendations: Management should develop written procedures as required by 2 CFR Part 200.302(b)(7).

Management's Response:

Management agrees with the Finding. The Yamhill County Accounting Functions and Payroll Procedures Official Policy has been amended to include the following paragraph in EXPENDITURES Section 4. Grant Expenditures:

All grant expenditures reimbursed either directly or indirectly by federal funds must be allowable as defined in 2 CFR Part 200.302(b)(7) and the terms and provisions of the contract or grant agreements pertaining to the program. Allowability determination is the responsibility of the department who is awarded the grant.

YAMHILL COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<hr/> <i>Department of Agriculture</i> <hr/>			
Food and Nutrition Service			
<i>Passed through Oregon Department of Education</i>			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553		\$ 8,551
National School Lunch Program	10.555		<u>12,542</u>
Subtotal Child Nutrition Cluster			\$ 21,093
Forest Service			
<i>Passed through Oregon State Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		<u>188,115</u>
Total Department of Agriculture			<u>209,208</u>
<hr/> <i>Department of the Interior</i> <hr/>			
Bureau of Land Management			
Payments in Lieu of Taxes	15.226		132,633
Distribution of Receipts to State and Local Governments	15.234		250,237
Fish and Wildlife Service			
National Wildlife Refuge Fund	15.659		<u>3,339</u>
Total Department of the Interior			<u>386,209</u>
<hr/> <i>Department of Justice</i> <hr/>			
Office for Victims of Crime			
<i>Passed through Oregon State Department of Justice</i>			
Crime Victim Assistance	16.575	VOCA	110,956
<i>Passed through Oregon State Criminal Justice Division</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>21,137</u>
Total Department of Justice			<u>132,093</u>
<hr/> <i>Department of Transportation</i> <hr/>			
Federal Transit Administration			
<i>Passed through Oregon Department of Transportation</i>			
Highway Planning and Construction	20.205	93-1111585 18332	2,593 <u>1,260,632</u>
Formula Grants for Rural Areas	20.509	29957	889,984
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	29310	351,550
National Highway Traffic Safety Administration			
<i>Passed through Oregon Department of Transportation</i>			
State and Community Highway Safety	20.600		57,373
<i>Passed through Oregon State Sheriff's Association</i>			
<u>Highway Safety Cluster</u>			
National Priority Safety Programs	20.616	M1HVE-17-46-08 M1HVE-18-46-08 M5HVE-17-14-21 M5HVE-18-14-21 M3DA-17-54-08	2,511 1,108 2,127 2,279 <u>768</u>
Subtotal Highway Safety Cluster			<u>8,793</u>
Total Department of Transportation			<u>2,570,925</u>

Continued on next page

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>General Services Administration</i>			
<i>Passed through the Oregon Department of Administrative Services</i>			
Disposal of Federal Surplus Real Property	39.002		\$ 4
Donation of Federal Surplus Personal Property	39.003		47,463
Total General Services Administration			47,467
<i>Environmental Protection Agency</i>			
Office of Water			
<i>Passed through Oregon Health Authority</i>			
State Public Water System Supervision	66.432		11,565
Capitalization Grants for Drinking Water State Revolving Funds	66.468		7,174
Total Environmental Protection Agency			18,739
<i>Department of Health and Human Services</i>			
Office of Population Affairs			
<i>Passed through Oregon Health Authority</i>			
Family Planning Services	93.217		50,432
Administration for Children and Families			
<i>Passed through Oregon State Department of Justice</i>			
Child Support Enforcement	93.563		353,206
Centers for Disease Control and Prevention			
<i>Passed through Oregon Health Authority</i>			
Public Health Emergency Preparedness	93.069		100,337
Hospital Preparedness Program & Public Health Emergency			
Preparedness Cooperative Agreement	93.074		1,448
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		841
National State Based Tobacco Control Program	93.305		246
Health Resources and Services Administration			
<i>Passed through Oregon Health Authority</i>			
Maternal and Child Health Services Block Grant	93.994		41,743
Substance Abuse and Mental Health Services Administration			
<i>Passed through Oregon Health Authority</i>			
Opioid STR	93.788		69,193
Block Grants for Community Mental Health Services	93.958		100,891
Block Grants for Prevention and Treatment of Substance Abuse	93.959		167,263
Total Department of Health and Human Services			885,600
<i>Social Security Administration</i>			
Social Security - Work Incentives - Planning and Assistance Program	96.008		13,000
<i>Department of Homeland Security</i>			
<i>Passed through Oregon State Police Office of Emergency Management</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		112,721
Emergency Management Performance Grants	97.042		131,951
Total Department of Homeland Security			244,672
Total Expenditures of Federal Awards			\$ 4,507,913

See accompanying notes

YAMHILL COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

1. ***Basis of Presentation***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Yamhill County under programs of the federal government for the year ended June 30, 2018. The information in the 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 Yamhill County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Yamhill County.

2. ***Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. 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 does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The County allocates indirect costs as allowed by each grant.