



**McMinnville, Oregon**

**ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2017**

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

**For the Year Ended June 30, 2017**

**COUNTY ADMINISTRATOR**

Laura Tschabold

**BOARD OF COMMISSIONERS**

**TERM EXPIRATION**

Allen Springer

January 6, 2017

Mary Starrett

January 6, 2019

Stan Primozych

January 6, 2019

Richard Olson (term began on January 7, 2017)

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 5<sup>th</sup> 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, 2017, and the related notes to the financial statements, which collectively comprise 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, 2017, 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.

### *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-viii and the schedules on pages 50 and 51 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*

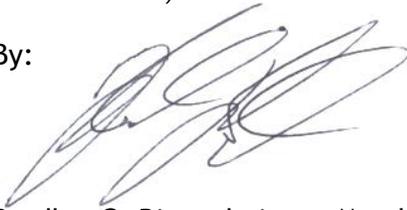
In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 29, 2017, on our consideration of the City'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  
December 29, 2017

By:



Bradley G. Bingenheimer, Member

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# YAMHILL COUNTY

## Management's Discussion and Analysis For the Year Ended June 30, 2017

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, 2017.

### Financial Highlights

- On a government-wide basis, total assets and deferred outflows of resources of Yamhill County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$153,436,209 (*net position*). This is a decrease of \$2,395,985 from June 30, 2016. This is primarily due to the change in deferred outflows and inflows and other pension related balances which are actuarial estimates which will be adjusted periodically. Contributions to the pension plan on behalf of the employees will be paid by the program but we are not able reflect this charge against the restricted funds until expense has been incurred and is due. Additional information can be found in note 9 of the notes to the basic financial statements.
- Yamhill County's total long-term obligations increased by \$17,148,305 during the current fiscal year. There were additional draws totaling \$1,226,542 for the County's portion the costs the Newberg-Dundee Bypass project. GASB 68 requires that the County record its proportionate share of the Oregon PERS net pension liability. Using the current discount rate, the amount of the liability increased from \$11,709,900 to \$28,462,558. Please see notes 5 and 9 in the notes to the basic financial statements for more information.
- As of the close of the fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$42,796,876, an increase of \$4,056,978 from the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14,588,920, or 50.6% of total general fund expenditures. This an increase from the 42.3% in the prior fiscal year.

### 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 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 sanitation, 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 Extension Service District for which Yamhill County is financially accountable. Financial information for this *component* unit is reported separately from the financial information presented for the primary government itself.

## Management's Discussion and Analysis (Continued)

Cove Orchard Sewer Service District, although also legally separate, functions for all practical purposes as a department of Yamhill County, and therefore has been included as an integral part of the primary government.

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

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

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

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

Yamhill County maintains 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, Solid Waste 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. Individual fund data for each of the non-major governmental funds is provided elsewhere in this report.

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

The governmental fund financial statements can be found on pages 3 – 9 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 insurance, telecommunications and to maintain the County's vehicles which include the Sheriff's patrol cars and equipment used by the Public Works department. 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 the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for Cove Orchard Sewer Service District. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 10-13 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.

## Management's Discussion and Analysis (Continued)

**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 15-49 of this report. The County has also adopted an updated governmental fund classification structure as required under GASB 54. Details of this reporting standard can be found in note 1, paragraph M, on page 21.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 52-88 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 \$153,436,209 at the close of the fiscal year.

By far the largest portion of Yamhill County's net position (84.9%) 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.

#### Yamhill County's Net Position

	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 54,772,039	\$ 50,661,861	\$ 90,751	\$ 91,012	\$ 54,862,790	\$ 50,752,873
Capital assets	<u>130,112,927</u>	<u>134,150,512</u>	<u>89,916</u>	<u>92,084</u>	<u>130,202,843</u>	<u>134,242,596</u>
Total assets	<u>184,884,966</u>	<u>184,812,373</u>	<u>180,667</u>	<u>183,096</u>	<u>185,065,633</u>	<u>184,995,469</u>
<b>Deferred outflow of resources</b>	<u>15,765,268</u>	<u>3,264,209</u>	-	-	<u>15,765,268</u>	<u>3,264,209</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	40,121,085	22,948,644	-	-	40,121,085	22,948,644
Other liabilities	<u>5,656,714</u>	<u>5,941,530</u>	<u>700</u>	<u>554</u>	<u>5,657,414</u>	<u>5,942,084</u>
Total liabilities	<u>45,777,799</u>	<u>28,890,174</u>	<u>700</u>	<u>554</u>	<u>45,778,499</u>	<u>28,890,728</u>
<b>Deferred inflow of resources</b>	<u>1,616,193</u>	<u>3,536,540</u>	-	216	<u>1,616,193</u>	<u>3,536,756</u>
<b>Net position</b>						
Investment in capital assets	130,112,927	133,190,944	89,916	92,084	130,202,843	133,283,028
Restricted	24,906,888	23,465,644	-	-	24,906,888	23,465,644
Unrestricted	<u>(1,763,573)</u>	<u>(1,006,720)</u>	<u>90,051</u>	<u>90,242</u>	<u>(1,673,522)</u>	<u>(916,478)</u>
Total net position	<u>\$ 153,256,242</u>	<u>\$ 155,649,868</u>	<u>\$ 179,967</u>	<u>\$ 182,326</u>	<u>\$ 153,436,209</u>	<u>\$ 155,832,194</u>

A portion of Yamhill County's net position, \$24,906,888, represents resources that are subject to some restrictions on how they may be used.

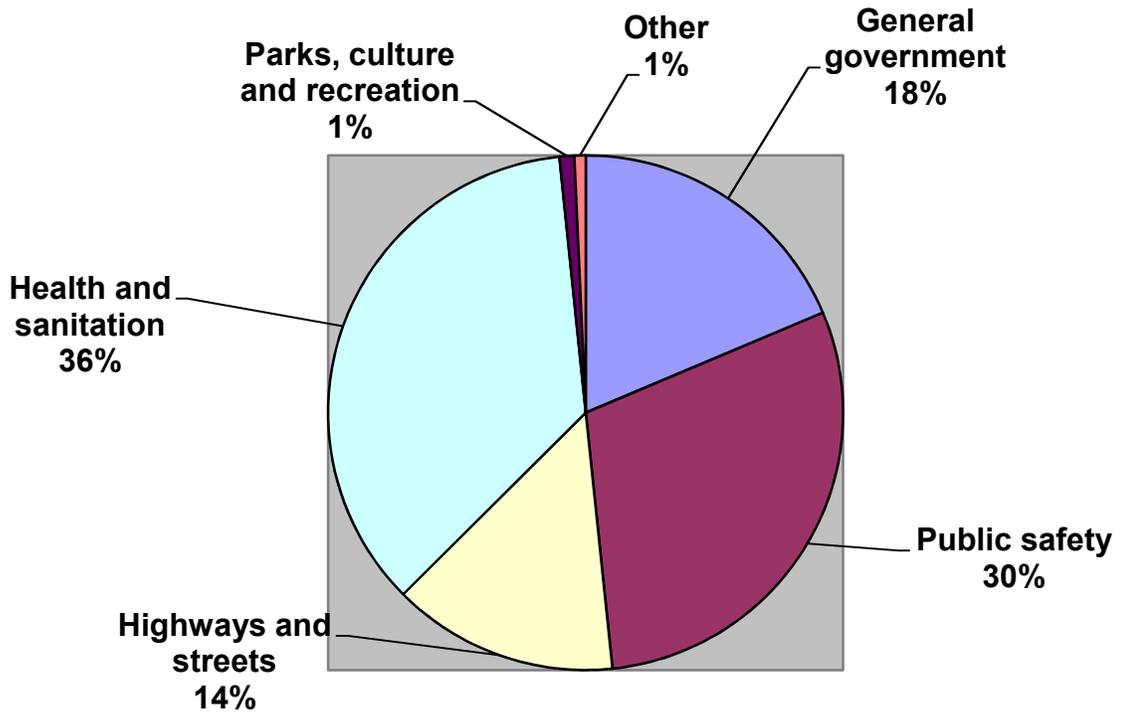
## Management's Discussion and Analysis (Continued)

**Governmental activities.** Governmental activities decreased Yamhill County's net position by \$2,395,985.

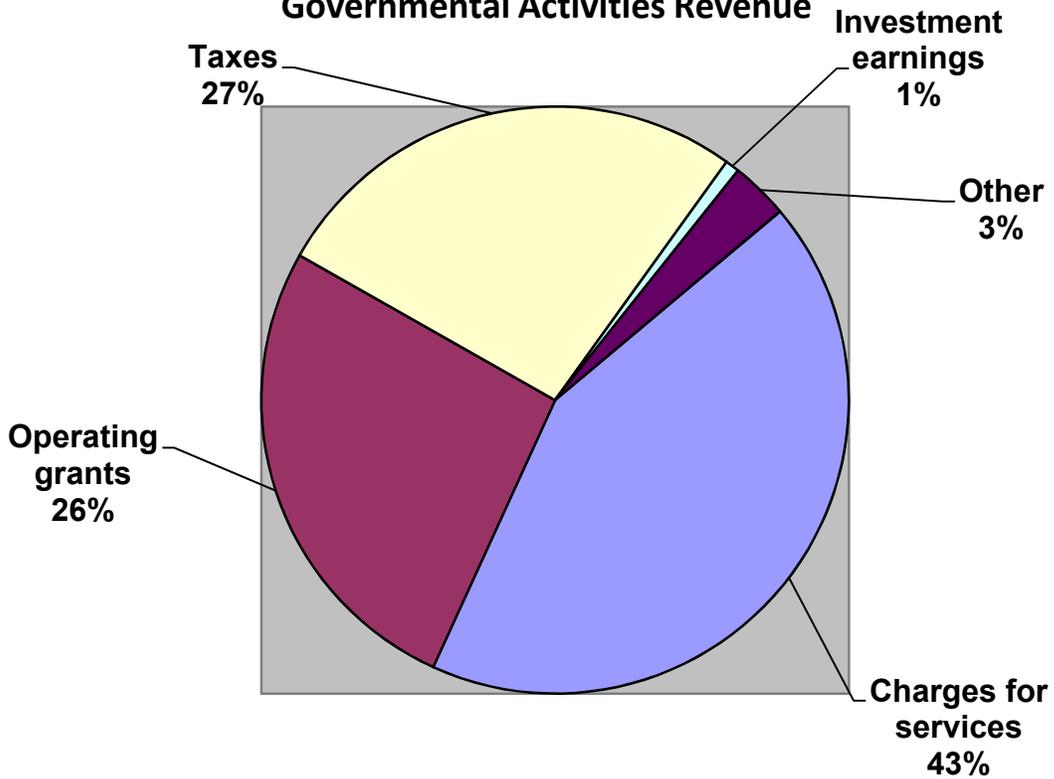
### Yamhill County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 34,181,009	\$ 35,395,030	\$ 48,781	\$ 48,080	\$ 34,229,790	\$ 35,443,110
Operating grants and contributions	21,014,520	21,194,864	-	-	21,014,520	21,194,864
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	21,286,970	20,292,378			21,286,970	20,292,378
Investment earnings	624,722	370,080	844	708	625,566	370,788
Gain (loss) on sale of assets	-	262,737	-	-	-	262,737
Miscellaneous	2,532,939	1,391,871	-	-	2,532,939	1,391,871
Total revenues	<u>79,640,160</u>	<u>78,906,960</u>	<u>49,625</u>	<u>48,788</u>	<u>79,689,785</u>	<u>78,955,748</u>
<b>Expenses</b>						
Governmental activities:						
General government	15,293,385	19,291,682	-	-	15,293,385	19,291,682
Public safety	24,354,959	23,506,669	-	-	24,354,959	23,506,669
Highways and streets	11,650,759	14,788,267	-	-	11,650,759	14,788,267
Health and sanitation	29,397,302	28,873,641	-	-	29,397,302	28,873,641
Parks, cultural and recreation	770,681	759,111	-	-	770,681	759,111
Education	385,654	408,986	-	-	385,654	408,986
Interest on long-term obligations	181,151	93,320	-	-	181,151	93,320
Sewer	-	-	51,879	54,793	51,879	54,793
Total expenses	<u>82,033,891</u>	<u>87,721,676</u>	<u>51,879</u>	<u>54,793</u>	<u>82,085,770</u>	<u>87,776,469</u>
Increase (decrease) in net assets						
before transfers	(2,393,731)	(8,814,716)	(2,254)	(6,005)	(2,395,985)	(8,820,721)
Transfers	105	33	(105)	(33)	-	-
Change in net assets	(2,393,626)	(8,814,683)	(2,359)	(6,038)	(2,395,985)	(8,820,721)
Net assets at beginning of year	<u>155,649,868</u>	<u>164,484,551</u>	<u>182,326</u>	<u>188,364</u>	<u>155,832,194</u>	<u>164,672,915</u>
Net assets at end of year	<u>\$ 153,256,242</u>	<u>\$ 155,669,868</u>	<u>\$ 179,967</u>	<u>\$ 182,326</u>	<u>\$ 153,436,209</u>	<u>\$ 155,852,194</u>

### Expenses by Function - Governmental Activities



### Governmental Activities Revenue



## Management's Discussion and Analysis (Continued)

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$42,796,876, an increase of \$4,056,978, which represents a 56% decrease over the prior year change of \$7,160,121. \$14,615,454 of the total ending fund balances constitutes the unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of Yamhill County. At the end of the current fiscal year, the fund balance of the General Fund was \$15,904,209, an increase of \$2,524,053 over the previous year.

The Road Fund maintains the county road system. As of June 30, 2017, this fund had an ending fund balance of \$5,343,809 which had increased by \$828,787 from the previous year.

The Health and Human Services Fund provides health service to the residents of the County and has a fund balance of \$12,113,989 as of June 30, 2017, an increase of \$646,637 from the prior 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 \$2,196,724, an increase of \$281,506.

The remaining funds, reported as non-major, consist of various programs which have dedicated revenues either as fees for services or other sources. The aggregated fund balances of these programs are \$7,238,145 which has decreased \$224,005 from the previous year.

### General Fund Budgetary Highlights

There were no major changes to the budget during fiscal 2016-17. Overall expenditures were \$31,186,802 or 23.4% 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 \$7,246,284 which was budgeted for contingencies which remained unused at year end.

## Management's Discussion and Analysis (Continued)

### Capital Assets and Debt Administration

**Capital assets.** Yamhill County's investment in capital assets for its governmental and business-type activities as June 30, 2017 amounts to \$130,112,927 (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)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital assets not being depreciated	\$ 49,933,119	\$ 49,757,565	\$ 78,356	\$ 78,356	\$ 50,011,475	\$ 49,835,921
Building	14,864,216	14,485,428	-	-	14,864,216	14,485,428
Machinery and equipment	4,987,950	5,199,581	-	-	4,987,950	5,199,581
Infrastructure	<u>60,327,642</u>	<u>64,707,938</u>	<u>11,560</u>	<u>13,728</u>	<u>60,339,202</u>	<u>64,721,666</u>
Total	<u>\$ 130,112,927</u>	<u>\$ 134,150,512</u>	<u>\$ 89,916</u>	<u>\$ 92,084</u>	<u>\$ 130,202,843</u>	<u>\$ 134,242,596</u>

Additional information on Yamhill County's capital assets can be found in note 4 on pages 28 and 29 of this report.

**Long-term debt.** Oregon Department of Transportation requested draws for the Newberg-Dundee Bypass project in the amount of \$1,226,542 which increased the balance to \$7,608,556. Additional long-term obligations include landfill liability (\$3,391,747), and accumulated compensated absences (\$1,438,220). The Board of Commissioners approved an interfund loan in the amount of \$1,000,000 (combined principal and interest) to pay off the Oregon Economic and Community Development debt. This is projected save the County \$302,000 in interest over the next ten years.

Additional information on Yamhill County's long-term debt can be found in note 5 on pages 29 and 30 of this report.

The total long-term obligations increased by an additional \$16,752,296 for the County's portion of the Oregon PERS liability. Information on this can be found in note 9 defined benefit pension plan.

## **Management's Discussion and Analysis (Continued)**

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

Unemployment rates continue to fall. In September 2017, the unemployment rate for Yamhill County was 4.2 percent, down from 5.2 percent in October of 2016. This was above the state's unemployment rate of 4.0 percent and equal to the national rate.

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

Wineries continue to be a big tourism draw in addition to other tourist related businesses - restaurants, bed and breakfasts, tasting rooms and small specialty shops. The increasing presence of Kendall-Jackson and its subsidiary, Jackson family Wines, will impact the county's growing wine industry. The Allison Inn, located in Newberg, continues as a destination place for visitors interested in wine tourism. The construction of another upscale destination hotel, this time in downtown McMinnville, is sure to impact tourism and tourism related businesses. The county continues to draw visitors to an aircraft museum whose major attraction is Howard Hughes' Spruce Goose.

In addition to a decrease in the unemployment rate, there are other signs of improvement in the economy. The Yamhill County Planning Department reported continued positive growth for 2016-17 and strident seasonal permit activity for the first quarter of 2017-18. During the second quarter the strong permit activity has only recently slowed with the end of the building season.

### **Request for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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**YAMHILL COUNTY**

**STATEMENT OF NET POSITION**

**June 30, 2017**

	Governmental Activities	Business-type Activities	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 28,731,841	\$ 40,072	\$ 28,771,913
Investments	21,351,518	29,857	21,381,375
Receivables	4,229,715	20,822	4,250,537
Inventory	183,232	-	183,232
Prepaid items	275,733	-	275,733
Capital assets:			
Capital assets, not being depreciated	49,933,119	78,356	50,011,475
Other capital assets, net	<u>80,179,808</u>	<u>11,560</u>	<u>80,191,368</u>
<b>TOTAL ASSETS</b>	<u>184,884,966</u>	<u>180,667</u>	<u>185,065,633</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related items	<u>15,765,268</u>	<u>-</u>	<u>15,765,268</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>15,765,268</u>	<u>-</u>	<u>15,765,268</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	1,028,095	417	1,028,512
Payroll and related liabilities	2,164,851	219	2,165,070
Deposits payable	65,612	-	65,612
Long-term obligations:			
Due within one year	2,398,156	64	2,398,220
Due in more than one year	<u>40,121,085</u>	<u>-</u>	<u>40,121,085</u>
<b>TOTAL LIABILITIES</b>	<u>45,777,799</u>	<u>700</u>	<u>45,778,499</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related items	1,559,881	-	1,559,881
Unavailable revenue	<u>56,312</u>	<u>-</u>	<u>56,312</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,616,193</u>	<u>-</u>	<u>1,616,193</u>
<b><u>NET POSITION</u></b>			
Investment in capital assets	130,112,927	89,916	130,202,843
Restricted for:			
Highways and streets	5,365,347	-	5,365,347
Schools and education	99,721	-	99,721
Health services	15,697,515	-	15,697,515
Grants	76,583	-	76,583
Public safety	2,106,136	-	2,106,136
Capital projects	289,500	-	289,500
Other purposes	1,272,086	-	1,272,086
Unrestricted	<u>(1,763,573)</u>	<u>90,051</u>	<u>(1,673,522)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 153,256,242</u>	<u>\$ 179,967</u>	<u>\$ 153,436,209</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>						
General government	\$ 15,293,385	\$ 3,239,539	\$ 1,993,744	\$ (10,060,102)		\$ (10,060,102)
Public safety	24,354,959	6,250,011	4,834,081	(13,270,867)		(13,270,867)
Highways and streets	11,650,759	198,336	6,890,500	(4,561,923)		(4,561,923)
Health and sanitation	29,397,302	23,911,565	7,081,486	1,595,749		1,595,749
Parks, culture and recreation	770,681	575,232	214,709	19,260		19,260
Education	385,654	6,326	-	(379,328)		(379,328)
Interest on long-term obligations	181,151	-	-	(181,151)		(181,151)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>82,033,891</u>	<u>34,181,009</u>	<u>21,014,520</u>	<u>(26,838,362)</u>		<u>(26,838,362)</u>
<b>Business-type activities</b>						
Sewer	51,879	48,781	-		\$ (3,098)	(3,098)
<b>Totals</b>	<u>\$ 82,085,770</u>	<u>\$ 34,229,790</u>	<u>\$ 21,014,520</u>	<u>(26,838,362)</u>	<u>(3,098)</u>	<u>(26,841,460)</u>
<b>General revenues</b>						
Taxes				21,286,970	-	21,286,970
Miscellaneous taxes				1,211,975	-	1,211,975
Intergovernmental				518,192	-	518,192
Investment earnings				624,722	844	625,566
Miscellaneous				802,772	-	802,772
<b>Transfers</b>				105	(105)	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<u>24,444,736</u>	<u>739</u>	<u>24,445,475</u>
<b>CHANGES IN NET POSITION</b>				<u>(2,393,626)</u>	<u>(2,359)</u>	<u>(2,395,985)</u>
<b>NET POSITION - BEGINNING</b>				<u>155,649,868</u>	<u>182,326</u>	<u>155,832,194</u>
<b>NET POSITION - ENDING</b>				<u>\$ 153,256,242</u>	<u>\$ 179,967</u>	<u>\$ 153,436,209</u>

*See accompanying notes*

**YAMHILL COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General	Road	Health and Human Services	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 8,928,065	\$ 2,762,049	\$ 7,119,807	\$ 2,333,935	\$ 4,077,593	\$ 25,221,449
Investments	6,656,076	2,057,778	5,303,411	1,738,983	3,036,370	18,792,618
Receivables	2,744,829	552,544	735,714	-	130,791	4,163,878
Inventory	-	183,232	-	-	-	183,232
Prepaid items	156,470	-	65,632	-	53,631	275,733
Advances to other funds	500,000	-	-	-	362,293	862,293
<b>TOTAL ASSETS</b>	<b><u>\$ 18,985,440</u></b>	<b><u>\$ 5,555,603</u></b>	<b><u>\$ 13,224,564</u></b>	<b><u>\$ 4,072,918</u></b>	<b><u>\$ 7,660,678</u></b>	<b><u>\$ 49,999,203</u></b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 512,808	\$ 84,151	\$ 228,064	\$ 69,945	\$ 125,876	\$ 1,020,844
Payroll and related liabilities	953,642	114,193	882,511	32,669	179,675	2,162,690
Deposits	16,065	13,450	-	-	36,097	65,612
Advances from other funds	-	-	-	1,770,580	-	1,770,580
<b>TOTAL LIABILITIES</b>	<b><u>1,482,515</u></b>	<b><u>211,794</u></b>	<b><u>1,110,575</u></b>	<b><u>1,873,194</u></b>	<b><u>341,648</u></b>	<b><u>5,019,726</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Unavailable revenue	1,598,716	-	-	3,000	80,885	1,682,601
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,598,716</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,000</u></b>	<b><u>80,885</u></b>	<b><u>1,682,601</u></b>
<b><u>FUND BALANCES</u></b>						
Nonspendable	156,470	183,232	65,632	-	53,631	458,965
Restricted	-	5,160,577	12,048,357	-	7,157,980	24,366,914
Assigned	1,158,819	-	-	2,196,724	-	3,355,543
Unassigned	14,588,920	-	-	-	26,534	14,615,454
<b>TOTAL FUND BALANCES</b>	<b><u>15,904,209</u></b>	<b><u>5,343,809</u></b>	<b><u>12,113,989</u></b>	<b><u>2,196,724</u></b>	<b><u>7,238,145</u></b>	<b><u>42,796,876</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 18,985,440</u></b>	<b><u>\$ 5,555,603</u></b>	<b><u>\$ 13,224,564</u></b>	<b><u>\$ 4,072,918</u></b>	<b><u>\$ 7,660,678</u></b>	

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

Governmental activities report a net pension liability which is not reported in the fund	(28,462,558)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	130,112,927
Governmental activities report as deferred outflows of resources contributions to the public employees retirement systems for the year	15,765,268
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds	1,626,289
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	7,028,643
The net post-employment benefits obligation is reported in the statement of net position but is not reported in the funds	(1,618,224)
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	(12,433,098)
Governmental activities report as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the public employees retirement system	(1,559,881)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<b><u>\$ 153,256,242</u></b>
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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, 2017**

	General	Road	Health and Human Services	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 21,086,368	\$ -	\$ -	\$ -	\$ 365,285	\$ 21,451,653
Miscellaneous taxes	19,416	-	-	-	9,693	29,109
Licenses, permits and fees	1,119,862	61,427	308,074	-	231,341	1,720,704
Intergovernmental	4,896,965	6,827,065	7,169,112	59,402	3,847,495	22,800,039
Charges for services	7,177,325	100,847	22,412,108	133,272	2,027,901	31,851,453
Fines and forfeitures	188,545	-	39,814	-	110,001	338,360
Interest	262,226	47,394	132,345	33,527	87,821	563,313
Other	288,552	56,762	313,158	222,334	168,257	1,049,063
<b>TOTAL REVENUES</b>	<u>35,039,259</u>	<u>7,093,495</u>	<u>30,374,611</u>	<u>448,535</u>	<u>6,847,794</u>	<u>79,803,694</u>
<b>EXPENDITURES</b>						
Current						
General government	9,440,271	-	-	1,150,548	434,970	11,025,789
Public safety	18,897,729	-	-	533,603	3,661,014	23,092,346
Parks, culture, and recreation	196,130	-	-	-	522,427	718,557
Highways and streets	-	4,053,247	-	-	136	4,053,383
Health and welfare	170,000	-	27,698,666	-	520,911	28,389,577
Education	-	-	-	-	16,139	16,139
Capital outlay	130,888	1,827,200	1,126,680	750,067	397,399	4,232,234
Debt service	-	146,642	-	1,023,327	-	1,169,969
<b>TOTAL EXPENDITURES</b>	<u>28,835,018</u>	<u>6,027,089</u>	<u>28,825,346</u>	<u>3,457,545</u>	<u>5,552,996</u>	<u>72,697,994</u>
Excess (deficiency) of revenues over expenditures	<u>6,204,241</u>	<u>1,066,406</u>	<u>1,549,265</u>	<u>(3,009,010)</u>	<u>1,294,798</u>	<u>7,105,700</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,364,475	564,893	1,827,602	3,492,682	580,234	8,829,886
Transfers out	<u>(6,044,663)</u>	<u>(802,512)</u>	<u>(2,730,230)</u>	<u>(202,166)</u>	<u>(2,099,037)</u>	<u>(11,878,608)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,680,188)</u>	<u>(237,619)</u>	<u>(902,628)</u>	<u>3,290,516</u>	<u>(1,518,803)</u>	<u>(3,048,722)</u>
Net change in fund balances	2,524,053	828,787	646,637	281,506	(224,005)	4,056,978
Fund balances at beginning of year	<u>13,380,156</u>	<u>4,515,022</u>	<u>11,467,352</u>	<u>1,915,218</u>	<u>7,462,150</u>	<u>38,739,898</u>
Fund balances at end 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>

*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, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,056,978

*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	\$ 3,765,564	
Depreciation	<u>(7,803,149)</u>	(4,037,585)

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		(164,683)
Charges for services		(287,235)

The change in net other post-employment benefits is reported as additional expenses in the statement of activities

(97,966)

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.

Proceeds from new debt		(1,226,542)
Amortization of bond premium		-
Principal payments		988,818

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	12,501,059	
Change in net pension liability	(16,752,568)	
Change in deferred inflows of resources	<u>1,934,424</u>	(2,317,085)

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		(41,765)
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Net income of internal service funds after eliminating transfers and income reported above

733,439

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,393,626)

*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, 2017**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 20,414,974	\$ 20,414,974	\$ 21,086,368	\$ 671,394
Miscellaneous taxes	20,000	20,000	19,416	(584)
Licenses and permits	922,400	922,400	1,119,862	197,462
Intergovernmental	7,936,686	7,936,686	4,824,538	(3,112,148)
Charges for services	10,569,476	10,569,476	8,915,014	(1,654,462)
Fines and forfeitures	205,903	205,903	188,545	(17,358)
Interest earnings	45,000	45,000	245,200	200,200
Other	245,361	245,361	288,552	43,191
<b>TOTAL REVENUES</b>	<b>40,359,800</b>	<b>40,359,800</b>	<b>36,687,495</b>	<b>(3,672,305)</b>
<b>EXPENDITURES</b>				
Discretionary	900,000	814,300	7,168	807,132
Administrative Services	1,208,827	1,208,827	1,070,786	138,041
Assessor	2,085,566	2,085,566	1,558,771	526,795
Board of Commissioners	502,665	502,665	486,120	16,545
Clerk	889,545	889,545	865,871	23,674
Information Systems	1,450,205	1,534,905	1,370,399	164,506
District Attorney	2,311,145	2,311,145	2,024,803	286,342
Planning	1,868,398	1,868,398	1,657,315	211,083
Surveyor	63,644	63,644	59,604	4,040
Support Enforcement	494,872	494,872	476,046	18,826
Treasurer	36,766	36,766	35,168	1,598
County Counsel	431,798	431,798	407,485	24,313
Transportation	4,324,257	4,324,257	2,129,175	2,195,082
Non-departmental	718,774	718,774	698,311	20,463
Emergency Management	337,434	337,434	190,253	147,181
Jail	5,040,620	5,265,620	5,131,945	133,675
Marine	121,175	121,175	94,210	26,965
Sheriff	11,068,665	10,828,665	8,399,948	2,428,717
911/Dispatch Services	656,023	657,023	656,848	175
Mediation Services	76,000	76,000	67,508	8,492
Narcotics Investigation	123,550	123,550	29,254	94,296
Juvenile Department	1,602,906	1,602,906	1,476,710	126,196
Juvenile Detention	1,585,804	1,585,804	1,534,814	50,990
Parks	891,317	891,317	264,088	627,229
Courthouse Security	319,943	334,943	323,288	11,655
Radio System	290,959	290,959	170,914	120,045
Contingency	1,323,553	1,323,553	-	1,323,553
<b>TOTAL EXPENDITURES</b>	<b>40,724,411</b>	<b>40,724,411</b>	<b>31,186,802</b>	<b>9,537,609</b>
Excess (deficiency) of revenues over expenditures	(364,611)	(364,611)	5,500,693	5,865,304

*Continued on next page*

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

	Budget		Actual	Variance
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 89,000	\$ 89,000	\$ 89,000	\$ -
Transfers out	<u>(2,798,035)</u>	<u>(2,798,035)</u>	<u>(2,798,035)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,709,035)</u>	<u>(2,709,035)</u>	<u>(2,709,035)</u>	<u>-</u>
Net change in fund balance	(3,073,646)	(3,073,646)	2,791,658	5,865,304
Fund balance at beginning of year	<u>8,968,525</u>	<u>8,968,525</u>	<u>11,434,618</u>	<u>2,466,093</u>
Fund balance at end of year	<u>\$ 5,894,879</u>	<u>\$ 5,894,879</u>	<u>\$ 14,226,276</u>	<u>\$ 8,331,397</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, 2017**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 52,500	\$ 52,500	\$ 61,427	\$ 8,927
Intergovernmental	6,522,496	6,522,496	6,827,065	304,569
Charges for services	645,455	645,455	665,740	20,285
Interest earnings	12,200	12,200	47,394	35,194
Other	<u>34,000</u>	<u>34,000</u>	<u>56,762</u>	<u>22,762</u>
<b>TOTAL REVENUES</b>	<u>7,266,651</u>	<u>7,266,651</u>	<u>7,658,388</u>	<u>391,737</u>
<b>EXPENDITURES</b>				
Motor Vehicle	10,458,024	10,456,124	6,682,959	3,773,165
Debt service	144,827	146,727	146,642	85
Contingency	<u>156,150</u>	<u>156,150</u>	<u>-</u>	<u>156,150</u>
<b>TOTAL EXPENDITURES</b>	<u>10,759,001</u>	<u>10,759,001</u>	<u>6,829,601</u>	<u>3,929,400</u>
Net change in fund balance	(3,492,350)	(3,492,350)	828,787	4,321,137
Fund balance at beginning of year	<u>3,627,350</u>	<u>3,627,350</u>	<u>4,515,022</u>	<u>887,672</u>
Fund balance at end of year	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 5,343,809</u>	<u>\$ 5,208,809</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, 2017**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 313,082	\$ 308,074	\$ (5,008)
Intergovernmental	8,250,610	7,169,112	(1,081,498)
Charges for services	23,772,651	22,619,487	(1,153,164)
Fines and penalties	18,000	39,814	21,814
Interest earnings	66,798	132,345	65,547
Other	<u>249,744</u>	<u>313,158</u>	<u>63,414</u>
 TOTAL REVENUES	 <u>32,670,885</u>	 <u>30,581,990</u>	 <u>(2,088,895)</u>
<b>EXPENDITURES</b>			
Health and human services	39,970,222	31,555,576	8,414,646
Contingency	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
 TOTAL EXPENDITURES	 <u>42,470,222</u>	 <u>31,555,576</u>	 <u>10,914,646</u>
 Excess (deficiency) of revenues over expenditures	 <u>(9,799,337)</u>	 <u>(973,586)</u>	 <u>8,825,751</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>1,620,223</u>	<u>1,620,223</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>1,620,223</u>	 <u>1,620,223</u>	 <u>-</u>
 Net change in fund balance	 (8,179,114)	 646,637	 8,825,751
Fund balance at beginning of year	<u>12,360,768</u>	<u>11,467,352</u>	<u>(893,416)</u>
 Fund balance at end of year	 <u>\$ 4,181,654</u>	 <u>\$ 12,113,989</u>	 <u>\$ 7,932,335</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2017**

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
<b><u>ASSETS</u></b>		
Current assets		
Cash and cash equivalents	\$ 40,072	\$ 3,510,392
Investments	29,857	2,558,900
Receivables	20,822	65,837
Due from other funds	-	908,287
	<hr/>	<hr/>
Total current assets	90,751	7,043,416
Capital assets		
Land	78,356	-
Other capital assets, net	11,560	-
	<hr/>	<hr/>
Total capital assets	89,916	-
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>180,667</b>	<b>7,043,416</b>
	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	417	7,283
Payroll and related liabilities	219	2,129
Compensated absences payable	64	5,361
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>700</b>	<b>14,773</b>
	<hr/>	<hr/>
<b><u>NET POSITION</u></b>		
Investment in capital assets	89,916	-
Unrestricted	90,051	7,028,643
	<hr/>	<hr/>
<b>TOTAL NET POSITION</b>	<b>\$ 179,967</b>	<b>\$ 7,028,643</b>
	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2017**

	Business-type Activities <u>Cove Orchard Sewer</u>	Governmental Activities <u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 48,781	\$ 79,764
Other	<u>-</u>	<u>147,211</u>
<b>TOTAL OPERATING REVENUES</b>	<u>48,781</u>	<u>226,975</u>
<b>OPERATING EXPENSES</b>		
Personnel services	4,803	239,195
Materials and services	44,908	2,070,926
Depreciation	<u>2,168</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>51,879</u>	<u>2,310,121</u>
Operating (loss)	<u>(3,098)</u>	<u>(2,083,146)</u>
<b>NONOPERATING REVENUES</b>		
Proceeds from sale of capital assets	-	-
Investment earnings	<u>844</u>	<u>61,409</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>844</u>	<u>61,409</u>
(Loss) before transfers	(2,254)	(2,021,737)
Transfers in	-	3,358,095
Transfers out	<u>(105)</u>	<u>(602,919)</u>
Change in net position	(2,359)	733,439
Net position - beginning	<u>182,326</u>	<u>6,295,204</u>
Net position - ending	<u>\$ 179,967</u>	<u>\$ 7,028,643</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2017**

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 48,919	\$ -
Receipts from other funds	-	3,257,999
Other receipts	-	136,107
Payments for interfund services provided	(105)	(303,724)
Payments to suppliers of goods or services	(44,844)	(2,063,760)
Payments to employees for services	(4,721)	(259,295)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(751)	767,327
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayments of advances from other funds	-	(500,000)
Transfers in	-	125,000
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	-	(375,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	-	(293,651)
Repayment of advances to other funds	-	91,222
Interest on advances to other funds	-	3,567
Transfers in	-	34,061
Transfers out	-	(5,544)
	<hr/>	<hr/>
Net cash (used in) capital and related financing activities	-	(170,345)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	844	61,408
Purchase of investments	(9,259)	(874,804)
	<hr/>	<hr/>
Net cash (used in) investing activities	(8,415)	(813,396)
Net (decrease) in cash and cash equivalents	(9,166)	(591,414)
Cash and cash equivalents - beginning of year	49,238	4,101,806
	<hr/>	<hr/>
Cash and cash equivalents - end of year	\$ 40,072	\$ 3,510,392
	<hr/>	<hr/>

*Continued on next page*

**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
<b>Reconciliation of operating (loss) to net cash provided by (used in) operating activities</b>		
Operating (loss)	\$ (3,098)	\$ (2,083,146)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities		
Transfers in for interfund charges	-	3,195,467
Transfers out for interfund charges	(105)	(303,724)
Depreciation	2,168	-
(Increase) decrease in assets:		
Receivables	354	(28,336)
Prepaid items	-	5,106
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	64	2,060
Payroll and related liabilities	18	(9,068)
Compensated absences payable	64	(11,032)
Increase (decrease) in deferred inflows of resources		
Unavailable revenue	(216)	-
Net cash provided by (used in) operating activities	<u>\$ (751)</u>	<u>\$ 767,327</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>		
Transfers out	<u>\$ -</u>	<u>\$ (293,651)</u>

*See accompanying notes*

YAMHILL COUNTY

STATEMENT OF NET POSITION  
FUDICIARY FUNDS  
June 30, 2017

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 816,545
Investments	608,396
Property taxes receivable	<u>8,830,067</u>
 TOTAL ASSETS	 <u>\$ 10,255,008</u>
<b><u>LIABILITIES</u></b>	
Intergovernmental payables	\$ 10,207,220
Amounts held in trust	<u>47,788</u>
 TOTAL LIABILITIES	 <u>\$ 10,255,008</u>

*See accompanying notes*

## YAMHILL COUNTY

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

#### 1. Summary of significant accounting policies

##### A. The reporting entity

Yamhill County was created in 1843 and is an unchartered county, and now operates under the provisions of Oregon Revised Statutes (ORS) title 20, Chapters 201 and 215 inclusive. The governing body is a Board of Commissioners, elected at-large from throughout the County. The Commissioners are full-time County employees. The Board votes on all ordinances and determines matters of policy. The county administrator serves at the pleasure of the Board. Other elected officers include the assessor, clerk, sheriff, and treasurer. The district attorney and the circuit court judges are elected officials of the State of Oregon. The County provides a full range of services to the community which includes planning and zoning, sheriff, incarceration, courts, tax collections and assessment, document recording, parks, roads, transportation, and health and human services.

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. Their separately issued financial statements may be obtained from the County.

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 was the total permit and worst-case scenario costs as estimated by the May 2009 Parametrix analysis reduced by the actual costs incurred in each fiscal year. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Cash, cash equivalents and investments

The County's cash, cash equivalents and investments at June 30, 2017 are as follow:

Cash and cash equivalents	
Deposits with financial institutions	\$ 3,951,579
State of Oregon Local Government Investment Pool	25,561,483
Cash on hand	10,782
Cash with fiscal agent	<u>64,614</u>
Total cash and cash equivalents	<u>\$ 29,588,458</u>
Investments	
US government agency securities	\$ 10,728,771
Corporate bonds	8,291,000
Municipal bonds	2,720,000
Certificates of deposit	<u>250,000</u>
Total investments	<u>\$ 21,989,771</u>

The County maintains a pool of cash 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 investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

#### 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, 2017, none of the County's bank balances were exposed to custodial credit risk.

#### B. State of Oregon Local Government Investment Pool

Investments 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, 2017 the County had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
Certificates of Deposit	Unrated	\$ 250,000		23.47
		<u>250,000</u>	1.14%	
US Agencies	AAA/AA+	10,478,771		39.76
	Unrated/ AA+	150,000		43.46
	Unrated	<u>100,000</u>		102.99
		<u>10,728,771</u>	48.79%	
Corporate Bonds	AAA/AAA	145,000		31.46
	AAA/AA+	355,000		44.34
	Aa1/AA+	580,000		53.09
	Aa2/AA	400,000		91.36
	Aa2/AA-	1,606,000		43.31
	Aa2/A	622,000		53.69
	Aa3/AA-	1,440,000		33.47
	Aa3/A+	116,000		47.67
	A1/AA	279,000		25.09
	A1/AA-	323,000		60.01
	A1/A+	770,000		42.47
	A1/Unrated	200,000		45.73
	A2/A	855,000		27.98
	A3/A-	350,000		37.40
	Unrated/AA-	<u>250,000</u>		36.79
		<u>8,291,000</u>	37.70%	
Municipal	Aa1/AA+	250,000		48.45
	Aa1/Unrated	400,000		46.33
	Aa2/AAA	200,000		45.07
	Aa2/Unrated	250,000		36.03
	Aa3/AA	100,000		50.10
	A1/AA-	300,000		55.08
	A2/AA	180,000		57.07
	Unrated/AA+	65,000		23.50
	Unrated/AA	515,000		67.95
	Unrated/AA-	220,000		38.10
	Unrated/A	<u>240,000</u>		80.10
		<u>2,720,000</u>	12.37%	
Total Investments		<u>\$ 21,989,771</u>		

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Cash, cash equivalents and investments (continued)

*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.

*Concentration of Credit Risk.* The County does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

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, 2017 are as follows:

	General	Road	Health and Human Services	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 1,691,342	\$ -	\$ -	\$ 29,169	\$ 1,720,511
Grants	550,350		185,321	2,107	737,778
Accounts	503,137	552,544	550,393	99,515	1,705,588
	<u>\$ 2,744,829</u>	<u>\$ 552,544</u>	<u>\$ 735,714</u>	<u>\$ 130,791</u>	<u>\$ 4,163,878</u>
			Proprietary Fund	Fiduciary Fund	
	Internal Service Funds	Total Governmental Activities	Cove Orchard Sewer	Agency	Totals
Property taxes	\$ -	\$ 1,720,511	\$ -	\$ 8,830,067	\$ 10,550,578
Grants		737,778			737,778
Accounts	65,837	1,771,426	20,822		1,792,248
	<u>\$ 65,837</u>	<u>\$ 4,229,715</u>	<u>\$ 20,822</u>	<u>\$ 8,830,067</u>	<u>\$ 13,080,604</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. Capital assets

#### A. Capital asset activity for the governmental activities for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 2,968,518	\$ 171,804	\$ -	\$ 3,140,322
Right of way	27,640,247	-	-	27,640,247
Gravel roads	19,148,800	-	-	19,148,800
Construction in progress	-	3,750	-	3,750
Total capital assets, not being depreciated	<u>49,757,565</u>	<u>175,554</u>	<u>-</u>	<u>49,933,119</u>
Capital assets, being depreciated:				
Buildings	22,557,137	950,043	-	23,507,180
Machinery and equipment	18,332,479	1,137,705	-	19,470,184
Infrastructure	366,328,504	1,502,262	-	367,830,766
Total capital assets being depreciated	<u>407,218,120</u>	<u>3,590,010</u>	<u>-</u>	<u>410,808,130</u>
Less accumulated depreciation for:				
Buildings	8,071,709	571,255	-	8,642,964
Machinery and equipment	13,132,898	1,349,336	-	14,482,234
Infrastructure	301,620,566	5,882,558	-	307,503,124
Total accumulated depreciation	<u>322,825,173</u>	<u>7,803,149</u>	<u>-</u>	<u>330,628,322</u>
Total capital assets, being depreciated, net	<u>84,392,947</u>	<u>(4,213,139)</u>	<u>-</u>	<u>80,179,808</u>
Total capital assets, net	<u>\$ 134,150,512</u>	<u>\$(4,037,585)</u>	<u>\$ -</u>	<u>\$ 130,112,927</u>

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

General government	\$ 1,678,389
Public safety	66,828
Highways and streets	5,913,415
Health and sanitation	120,627
Parks, culture and recreation	<u>23,890</u>
Total depreciation expense- governmental activities	<u>\$ 7,803,149</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, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
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	(964,618)	(2,168)	-	(966,786)
 Total capital assets, being depreciated, net	 13,728	 (2,168)	 -	 11,560
 Total capital assets	 \$ 92,084	 \$ (2,168)	 \$ -	 \$ 89,916

#### D. Depreciation expense charged to the sewer business-type activity amounted to \$2,168 for the year ended June 30, 2017.

### 5. Long-term obligations

#### A. Changes in governmental activities long-term obligations for the year ended June 30, 2017 were as follows:

	Outstanding July 1, 2016	Additions	Reductions	Outstanding June 30, 2017	Balances Due Within One Year
Long-term debt obligations					
Oregon Economic and Community Development Department 2009	\$ 959,568	\$ -	\$ 959,568	\$ -	\$ -
Oregon Department of Transportation	6,382,014	1,226,542	-	7,608,556	-
 Total long-term debt obligations	 7,341,582	 1,226,542	 959,568	 7,608,556	 -
 Other long-term obligations					
Compensated absences	1,407,423	1,438,220	1,407,423	1,438,220	1,438,220
Landfill liability	3,391,747			3,391,747	960,000
Net other post employment benefits	1,520,258	97,966	-	1,618,224	-
Net pension liability	11,709,990	16,752,568	-	28,462,558	-
 Total long-term obligations	 \$ 25,371,000	 \$ 19,515,296	 \$ 2,366,991	 \$ 42,519,305	 \$ 2,398,220

## 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. The loan has an interest rate of 2.26 percent and is scheduled for repayment in full by January 25, 2036. At June 30, 2017, \$7,608,556 of the loan had been drawn down by the County.

Landfill liability – The landfill post-closure care liability represents the total permit and worst-case scenario costs of the Whitson and Newberg landfills per the May 2009 analysis by Parametrix. Future maturities have not been established, but the County has budgeted \$960,000 to be retired in the 2016-17 fiscal year. However, future costs paid are subject to change due to inflation, deflation, changes in technology or changes to applicable laws or regulations.

#### C. Future maturities of government activities long-term debt obligations

The future maturities of the ODOT loan will be determined once the full amount of the loan has been drawn down.

### 6. Conduit debt

The County has issued two 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.

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, 2017 for series 2016A and series 2016B are \$40,530,000 and \$1,610,000 respectively. The Authority has no taxing power.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**6. Conduit debt (continued)**

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 series 2012A issue at June 30, 2017 was \$19,510,000. 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	\$ 2,364,475	\$ 6,044,663
Road	564,893	802,512
Health and Human Services	1,827,602	2,730,230
Capital Improvement	3,492,682	202,166
Nonmajor funds	580,234	2,099,037
Governmental activities - non-cash	293,651	-
Cove Orchard Sewer	-	105
Internal Service funds	3,358,095	309,268
Internal Service funds - non-cash	-	293,651
	<u>\$ 12,481,632</u>	<u>\$ 12,481,632</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	\$ 500,000
Nonmajor governmental	362,293
Internal Service funds	<u>908,287</u>
Total	<u>\$ 1,770,580</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, 2017 is \$362,293.

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, 2017 is \$500,000 in each fund.

The Self-Insurance Fund (Internal Service) has outstanding advances totaling \$408,287 as follows:

- Capital Improvement Fund
  - Acquire real property; remaining balance \$374,802
  - Purchase a chiller; remaining balance \$33,485

**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>Capital Improvement</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Property taxes	\$ 1,598,716	\$ -	\$ 27,573	\$ 1,626,289
Unearned revenues	<u>-</u>	<u>3,000</u>	<u>53,312</u>	<u>56,312</u>
Total	<u>\$ 1,598,716</u>	<u>\$ 3,000</u>	<u>\$ 80,885</u>	<u>\$ 1,682,601</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan

#### A. Plan description

Employees of the District 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. 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/Pages/Financials/Actuarial-Financial-Information.aspx](http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx)

#### 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.

##### *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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### *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.

#### *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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### *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, 2013 actuarial valuation.

Tier 1/tier 2 employer contribution rates are 12.85 percent and the OPSRP employer contribution rates are 7.19 percent for general service employees and 11.3 percent for police and fire employees. Employer contributions for the year ended June 30, 2017 were \$2,474,675.

#### **D. Actuarial valuations – Tier One/Tier Two**

The December 31, 2013 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, 2015, through June 30, 2017, 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.

#### *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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### *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 for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate 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 30% based on account balance with each employer and 70% 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	7.75% compounded annually
Pre-2014 interest crediting	8.00% compounded annually on regular account balances 8.25% compounded annually on variable account balances
Post 2013 interest crediting	7.75% compounded annually
Inflation	2.75% compounded annually
Payroll growth	3.75% compounded annually
Healthcare cost trends	Ranges from 6.1% in 2014 to 4.7% in 2083

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### *Demographic assumptions*

##### Mortality tables

Healthy retirees	RP 2000, Generational (Scale AA) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Static, Combined Disabled, No Collar, Sex Distinct Male 65% and Female 90% of disabled table
Non-annuitants	Ranges from 55% to 70% 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, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

#### *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, 2013 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, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

## 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, 2017, the County reported a liability of \$28,462,558 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The League's proportion of the net pension liability was based on a projection of the League'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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

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.

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, 2016, the County's proportion was .18959464 percent, which was a decrease of .01436023 percent from its proportion measured as of June 30, 2015.

#### *Pension expense*

For the year ended June 30, 2017, the County recognized pension expense of \$4,924,360.

#### *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, 2016, 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.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**9. Defined benefit pension plan (continued)**

At June 30, 2017, 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	\$ 941,666	\$
Changes of assumptions	6,070,380	
Net difference between projected and actual earnings on pension plan investments	5,623,007	
Changes in proportionate share	43,488	773,073
Difference between contributions and proportionate share of system contributions	479,452	786,808
Contributions subsequent to the measurement date	<u>2,607,275</u>	<u>                    </u>
Total	<u>\$ 15,765,268</u>	<u>\$ 1,559,881</u>

The County's contributions subsequent to the measurement date in the amount of \$2,607,275 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,	
2018	\$ 1,965,599
2019	1,965,599
2020	4,075,129
2021	3,154,704
2022	<u>437,082</u>
Total	<u>\$ 11,598,112</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

Actuarial methods and assumptions used in developing total pension liability

The total pension liability measured as of June 30, 2016 was based on an actuarial valuation as of December 31, 2014 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	<b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <b>Disabled retirees:</b> 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.

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### *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. For more information on the Plan's portfolio, assumed asset allocation and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS audited financial statements.

#### *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.

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 67 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)

### 9. Defined benefit pension plan (continued)

#### 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:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of net pension liability	\$ 45,957,540	\$ 28,462,558	\$ 13,839,813

### 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.

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, 2017 were \$1,599,403.

#### E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Other post-employment benefits

#### Plan description and benefits provided

The County provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution 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 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 45. The plan does not issue a separate stand-alone financial report.

#### Membership

The County's membership in the plan at July 1, 2016 consisted of the following:

Active employees	367
Retirees, spouses or dependents	<u>9</u>
Total	<u><u>376</u></u>

#### Funding policy and contributions

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

For retirees	\$ 589
For spouses of retirees	648

The County has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

#### Annual OPEB cost and net OPEB Obligation

The County had its first actuarial valuation performed as of August 1, 2010 to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost is equal to the ARC as follows:

Normal cost	\$ 121,623
Amortization of UAAL	<u>186,335</u>
Annual required contribution	<u><u>\$ 307,958</u></u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**11. Other post-employment benefits (continued)**

The net OPEB obligation as of June 30, 2017 was calculated as follows:

Annual required contribution	\$ 307,958
Interest on prior year Net OPEB	53,209
Adjustment to ARC	(182,798)
Contributions made	<u>(80,403)</u>
Increase in net OPEB obligation	97,966
Net OPEB obligation at beginning of year	<u>1,520,258</u>
Net OPEB obligation at end of year	<u>\$1,618,224</u>

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 is as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2017	\$ 259,652	38%	\$ 1,425,310
2016	197,643	52%	1,520,258
2015	259,652	45%	1,425,310

Funded status and funding progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

<u>Valuation</u> <u>Date</u>	<u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Unfunded</u> <u>Accrued</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAL/</u> <u>Payroll</u>
July 1, 2016	\$ --	\$ 1,549,682	\$ 1,549,682	0%	\$ 26,656,712	5.8%
August 1, 2014	--	1,552,447	1,552,447	0%	24,083,363	6.4%
August 1, 2012	--	1,674,753	1,674,753	0%	21,801,224	7.7%

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Other post-employment benefits (continued)

#### Actuarial methods and assumptions

Actuarial valuations will be performed every two years for the County's OPEB plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 3.5 percent rate for discounting future liabilities, a payroll growth rate of 2.5 percent per year, annual premium rate increases from 7 percent in 2016 to 5 percent in 2064, and participation rate of 40 percent of future retirees electing coverage under the plan. The unfunded actuarial accrued liability is being amortized using a level dollar amount over an open period of 10 years.

### 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, 2017, employees of the County had accumulated 5,968 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 \$24,906,888 of restricted net assets, of which \$4,150,348 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:

<b>Fund balances:</b>	<u>General</u>	<u>Road</u>	<u>Health and Human Services</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable</b>						
Inventory	\$ -	\$ 183,232	\$ -	\$ -	\$ -	\$ 183,232
Prepaid items	156,470	-	65,632	-	53,631	275,733
<b>Restricted for:</b>						
Highways and streets	-	5,160,577	-	-	21,538	5,182,115
Schools and education	-	-	-	-	72,024	72,024
Health services	-	-	12,048,357	-	3,539,075	15,587,432
Grants	-	-	-	-	76,583	76,583
Public safety	-	-	-	-	2,102,408	2,102,408
County fair	-	-	-	-	166,058	166,058
Capital projects	-	-	-	-	289,500	289,500
Other purposes	-	-	-	-	890,794	890,794
<b>Assigned for:</b>						-
Capital projects	-	-	-	2,196,724	-	2,196,724
Landfill costs	1,158,819	-	-	-	-	1,158,819
<b>Unassigned:</b>	<u>14,588,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,534</u>	<u>14,615,454</u>
<b>Total fund balances</b>	<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>

## 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:

	General	Road	Health and Human Services
<b>Revenues</b>			
Total fund revenues - budgetary basis	\$ 36,687,495	\$ 7,658,388	\$ 30,581,990
Revenues of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	79,144	-	-
Landfill License Agreement	8,259	-	-
Certain items are classified as revenues on the budgetary basis and are shown as other financing sources on the governmental fund financial statements	<u>(1,735,639)</u>	<u>(564,893)</u>	<u>(207,379)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 35,039,259</u>	<u>\$ 7,093,495</u>	<u>\$ 30,374,611</u>
<b>Expenditures</b>			
Total fund expenditures - budgetary basis	\$ 31,186,802	\$ 6,829,601	\$ 31,555,576
Expenditures of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	19,091	-	-
Landfill License Agreement	171,253	-	-
Certain items are classified as expenditures on the budgetary basis and are shown as other financing (uses) on the governmental fund financial statements	<u>(2,542,128)</u>	<u>(802,512)</u>	<u>(2,730,230)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 28,835,018</u>	<u>\$ 6,027,089</u>	<u>\$ 28,825,346</u>
<b>Other financing sources (uses)</b>			
Total fund other financing sources (uses) - budgetary basis	\$ (2,709,035)	\$ -	\$ 1,620,223
Other financing sources (uses) of separately budgeted funds which are included in the fund on the governmental fund financial statements			
O&C Reserve	(354,500)	-	-
Landfill License Agreement	539,836	-	-
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>(1,156,489)</u>	<u>(237,619)</u>	<u>(2,522,851)</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (3,680,188)</u>	<u>\$ (237,619)</u>	<u>\$ (902,628)</u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**16. Budgetary perspective differences (continued)**

	General	Road	Health and Human Services
<b>Beginning fund balance</b>			
Beginning fund balance - budgetary basis	\$ 11,434,618	\$ 4,515,022	\$ 11,467,352
Beginning fund balance of separately budgeted funds which are included in the fund on the governmental fund financial statements			
O&C Reserve	813,561	-	-
Landfill License Agreement	1,131,977	-	-
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 13,380,156	\$ 4,515,022	\$ 11,467,352
<b>Ending fund balance</b>			
Ending fund balance - budgetary basis	\$ 14,226,276	\$ 5,343,809	\$ 12,113,989
Ending 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	658,819	-	-
Interfund loans are recorded on the fund financial statements but are budgeted as proceeds from interfund loans and debt service expenditures on the budgetary basis	500,000	-	-
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 15,904,209	\$ 5,343,809	\$ 12,113,989

**17. Related party transactions**

Yamhill County (a member) received from the Yamhill Communications Agency \$62,746 during the year ended June 30, 2017 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.

**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, 2017 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	\$ 27,157
Historic property – ORS 358.475-.545	2,019

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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, \***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the collective net pension liability (asset)	0.18959464%	0.20395487%	0.20067701%
Proportionate share of the collective net pension liability (asset)	\$ 28,462,558	\$ 11,709,990	\$ (4,548,775)
Covered payroll	\$ 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	106.774%	45.479%	-18.888%
Pension plan's fiduciary net position as a percentage of the total pension liability	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, \***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contributions	\$ 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	\$ 1,752,323
Contractually required contributions recognized by the pension plan	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	1,752,323
Difference	-	-	-	-	-	-	-	-	-	-
Covered payroll	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	19,326,050
Contractually required contributions as a percentage of covered payroll	9.28350%	10.01819%	6.33981%	6.73324%	6.97780%	7.14061%	4.58076%	4.71946%	9.06398%	9.06716%

\* Information will be accumulated until 10 years are presented.

**COMBINING FINANCIAL STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

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**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUNDS  
For the Year Ended June 30, 2017**

	General	O&C Reserve	Landfill License Agreement	Totals
<b>REVENUES</b>				
Property taxes	\$ 21,086,368	\$ -	\$ -	\$ 21,086,368
Miscellaneous taxes	19,416	-	-	19,416
Licenses, permits and fees	1,119,862	-	-	1,119,862
Intergovernmental	4,826,588	70,377	-	4,896,965
Charges for services	7,177,325	-	-	7,177,325
Fines and forfeitures	188,545	-	-	188,545
Interest	245,200	8,767	8,259	262,226
Other	288,552	-	-	288,552
	<u>34,951,856</u>	<u>79,144</u>	<u>8,259</u>	<u>35,039,259</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Current				
General government	9,425,157	15,114	-	9,440,271
Public safety	18,897,729	-	-	18,897,729
Parks, culture, and recreation	196,130	-	-	196,130
Health and welfare	-	-	170,000	170,000
Capital outlay	130,888	-	-	130,888
	<u>28,649,904</u>	<u>15,114</u>	<u>170,000</u>	<u>28,835,018</u>
<b>TOTAL EXPENDITURES</b>				
Excess (deficiency) of revenues over expenditures	<u>6,301,952</u>	<u>64,030</u>	<u>(161,741)</u>	<u>6,204,241</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,824,639	-	539,836	2,364,475
Transfers out	(5,334,933)	(358,477)	(351,253)	(6,044,663)
	<u>(3,510,294)</u>	<u>(358,477)</u>	<u>188,583</u>	<u>(3,680,188)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
Net change in fund balances	2,791,658	(294,447)	26,842	2,524,053
Fund balances at beginning of year	11,434,618	813,561	1,131,977	13,380,156
	<u>14,226,276</u>	<u>519,114</u>	<u>1,158,819</u>	<u>15,904,209</u>
<b>Fund balances at end of year</b>				

**YAMHILL COUNTY**

**O&C RESERVE - GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 10,000	\$ 70,377	\$ 60,377
Interest	<u>6,000</u>	<u>8,767</u>	<u>2,767</u>
<b>TOTAL REVENUES</b>	<u>16,000</u>	<u>79,144</u>	<u>63,144</u>
<b>EXPENDITURES</b>			
O&C reserve	<u>476,944</u>	<u>19,091</u>	<u>457,853</u>
<b>TOTAL EXPENDITURES</b>	<u>476,944</u>	<u>19,091</u>	<u>457,853</u>
Excess (deficiency) of revenues over expenditures	<u>(460,944)</u>	<u>60,053</u>	<u>520,997</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(354,500)</u>	<u>(354,500)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(354,500)</u>	<u>(354,500)</u>	<u>-</u>
Net change in fund balance	(815,444)	(294,447)	520,997
Fund balance at beginning of year	<u>815,444</u>	<u>813,561</u>	<u>(1,883)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 519,114</u>	<u>\$ 519,114</u>

**YAMHILL COUNTY**

**LANDFILL LICENSE AGREEMENT - GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 2,700	\$ 8,259	\$ 5,559
<b>TOTAL REVENUES</b>	<u>2,700</u>	<u>8,259</u>	<u>5,559</u>
<b>EXPENDITURES</b>			
Materials and services	<u>833,973</u>	<u>171,253</u>	<u>662,720</u>
<b>TOTAL EXPENDITURES</b>	<u>833,973</u>	<u>171,253</u>	<u>662,720</u>
Excess (deficiency) of revenues over expenditures	<u>(831,273)</u>	<u>(162,994)</u>	<u>668,279</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	539,836	539,836	-
Transfers out	<u>(850,000)</u>	<u>(850,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(310,164)</u>	<u>(310,164)</u>	<u>-</u>
Net change in fund balance	(1,141,437)	(473,158)	668,279
Fund balance at beginning of year	<u>1,141,437</u>	<u>1,131,977</u>	<u>(9,460)</u>
Fund balance at end of year	<u>\$ -</u>	658,819	<u>\$ 658,819</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances to other funds		<u>500,000</u>	
Fund balance at end of year		<u>\$ 1,158,819</u>	

**YAMHILL COUNTY**  
**COMBINING BALANCE SHEET**  
**GENERAL FUNDS**  
**June 30, 2017**

	General	O&C Reserve	Landfill License Agreement	Totals
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 8,253,065	\$ 297,472	\$ 377,528	\$ 8,928,065
Investments	6,153,143	221,642	281,291	6,656,076
Receivables	2,744,829	-	-	2,744,829
Prepaid items	156,470	-	-	156,470
Advances to other funds	-	-	500,000	500,000
<b>TOTAL ASSETS</b>	<b><u>\$ 17,307,507</u></b>	<b><u>\$ 519,114</u></b>	<b><u>\$ 1,158,819</u></b>	<b><u>\$ 18,985,440</u></b>
<b><u>LIABILITIES</u></b>				
Account payable	\$ 512,808	\$ -	\$ -	\$ 512,808
Payroll and related liabilities	953,642	-	-	953,642
Deposits	16,065	-	-	16,065
<b>TOTAL LIABILITIES</b>	<b><u>1,482,515</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,482,515</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	1,598,716	-	-	1,598,716
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,598,716</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,598,716</u></b>
<b><u>FUND BALANCES</u></b>				
Nonspendable	156,470	-	-	156,470
Assigned	-	-	1,158,819	1,158,819
Unassigned	14,069,806	519,114	-	14,588,920
<b>TOTAL FUND BALANCES</b>	<b><u>14,226,276</u></b>	<b><u>519,114</u></b>	<b><u>1,158,819</u></b>	<b><u>15,904,209</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 17,307,507</u></b>	<b><u>\$ 519,114</u></b>	<b><u>\$ 1,158,819</u></b>	<b><u>\$ 18,985,440</u></b>

**YAMHILL COUNTY**

**CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND (MAJOR FUND)  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,049,447	\$ 1,049,447	\$ 59,402	\$ (990,045)
Charges for services	1,977,519	1,977,519	1,979,367	1,848
Interest earnings	7,000	7,000	33,527	26,527
Other	<u>28,000</u>	<u>28,000</u>	<u>222,334</u>	<u>194,334</u>
<b>TOTAL REVENUES</b>	<u>3,061,966</u>	<u>3,061,966</u>	<u>2,294,630</u>	<u>(767,336)</u>
<b>EXPENDITURES</b>				
Facilities maintenance	1,288,224	1,288,224	1,142,890	145,334
Information systems	377,383	377,383	88,976	288,407
Capital improvement	768,408	768,408	424,536	343,872
Jail	307,000	307,000	13,549	293,451
Maintenance reserve	116,080	92,753	-	92,753
Software reserve	1,743,040	1,743,040	383,260	1,359,780
Capital projects	1,151,928	1,151,928	18,250	1,133,678
Jail maintenance	558,948	558,948	559,183	(235)
Debt service	<u>1,005,750</u>	<u>1,029,077</u>	<u>1,029,067</u>	<u>10</u>
<b>TOTAL EXPENDITURES</b>	<u>7,316,761</u>	<u>7,316,761</u>	<u>3,659,711</u>	<u>3,657,050</u>
Excess (deficiency) of revenues over expenditures	<u>(4,254,795)</u>	<u>(4,254,795)</u>	<u>(1,365,081)</u>	<u>2,889,714</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Repayments on interfund loans	(163,450)	(163,450)	(163,433)	17
Transfers in	<u>2,646,587</u>	<u>2,646,587</u>	<u>2,646,587</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,483,137</u>	<u>2,483,137</u>	<u>2,483,154</u>	<u>17</u>
Net change in fund balance	(1,771,658)	(1,771,658)	1,118,073	2,889,731
Fund balance at beginning of year	<u>2,390,591</u>	<u>2,390,591</u>	<u>2,849,231</u>	<u>458,640</u>
Fund balance at end of year	<u>\$ 618,933</u>	<u>\$ 618,933</u>	3,967,304	<u>\$ 3,348,371</u>
<b>Reconciliation to generally accepted accounting principles</b>				
Advances from other funds			<u>(1,770,580)</u>	
Fund balance at end of year			<u>\$ 2,196,724</u>	

**YAMHILL COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2017**

	Special Revenue	Capital Projects	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,913,014	\$ 164,579	\$ 4,077,593
Investments	2,913,745	122,625	3,036,370
Receivables	125,430	5,361	130,791
Prepaid items	53,631	-	53,631
Advances to other funds	362,293	-	362,293
 TOTAL ASSETS	 \$ 7,368,113	 \$ 292,565	 \$ 7,660,678
 <b><u>LIABILITIES</u></b>			
Accounts payable	\$ 122,811	\$ 3,065	\$ 125,876
Payroll and related liabilities	179,675	-	179,675
Deposits	36,097	-	36,097
 TOTAL LIABILITIES	 338,583	 3,065	 341,648
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	80,885	-	80,885
 TOTAL DEFERRED INFLOWS OF RESOURCES	 80,885	 -	 80,885
 <b><u>FUND BALANCES</u></b>			
Nonspendable	53,631	-	53,631
Restricted	6,868,480	289,500	7,157,980
Unassigned	26,534	-	26,534
 TOTAL FUND BALANCES	 6,948,645	 289,500	 7,238,145
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 7,368,113	 \$ 292,565	 \$ 7,660,678

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2017**

	Special Revenue	Capital Projects	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 365,285	\$ -	\$ 365,285
Miscellaneous taxes	9,693	-	9,693
Licenses, permits and fees	231,341	-	231,341
Intergovernmental	3,784,060	63,435	3,847,495
Charges for services	1,969,652	58,249	2,027,901
Fines and forfeitures	110,001	-	110,001
Interest	84,564	3,257	87,821
Other	<u>168,257</u>	<u>-</u>	<u>168,257</u>
<b>TOTAL REVENUES</b>	<u>6,722,853</u>	<u>124,941</u>	<u>6,847,794</u>
<b>EXPENDITURES</b>			
Current			
General government	434,970	-	434,970
Public safety	3,661,014	-	3,661,014
Highways and streets	-	136	136
Health and welfare	520,911	-	520,911
Parks, culture, and recreation	484,654	37,773	522,427
Education	16,139	-	16,139
Capital outlay	<u>397,399</u>	<u>-</u>	<u>397,399</u>
<b>TOTAL EXPENDITURES</b>	<u>5,515,087</u>	<u>37,909</u>	<u>5,552,996</u>
Excess (deficiency) of revenues over expenditures	<u>1,207,766</u>	<u>87,032</u>	<u>1,294,798</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	580,234	-	580,234
Transfers out	<u>(2,045,651)</u>	<u>(53,386)</u>	<u>(2,099,037)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,465,417)</u>	<u>(53,386)</u>	<u>(1,518,803)</u>
Net change in fund balances	(257,651)	33,646	(224,005)
Fund balances at beginning of year	<u>7,206,296</u>	<u>255,854</u>	<u>7,462,150</u>
Fund balances at end of year	<u>\$ 6,948,645</u>	<u>\$ 289,500</u>	<u>\$ 7,238,145</u>

**YAMHILL COUNTY**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**June 30, 2017**

	Community Corrections	Solid Waste	County Clerk's Records	Dog Control
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,109,811	\$ 1,818,742	\$ 50,815	\$ 193,427
Investments	826,681	1,355,045	37,862	144,045
Receivables	23,624	70,805	-	-
Prepaid items	3,728	44,451	-	-
Advances to other funds	-	362,293	-	-
	-	362,293	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,963,844</u></b>	<b><u>\$ 3,651,336</u></b>	<b><u>\$ 88,677</u></b>	<b><u>\$ 337,472</u></b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 20,560	\$ 57,062	\$ 4,005	\$ 7,332
Payroll and related liabilities	156,457	10,748	-	6,212
Deposits	-	-	-	4,619
	-	-	-	4,619
<b>TOTAL LIABILITIES</b>	<b><u>177,017</u></b>	<b><u>67,810</u></b>	<b><u>4,005</u></b>	<b><u>18,163</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	-	-	-	-
	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>FUND BALANCES</u></b>				
Nonspendable	3,728	44,451	-	-
Restricted	1,783,099	3,539,075	84,672	319,309
Unassigned	-	-	-	-
	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>1,786,827</u></b>	<b><u>3,583,526</u></b>	<b><u>84,672</u></b>	<b><u>319,309</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 1,963,844</u></b>	<b><u>\$ 3,651,336</u></b>	<b><u>\$ 88,677</u></b>	<b><u>\$ 337,472</u></b>

Law Library	County Fair	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ 17,904	\$ 129,357	\$ 346,433	\$ 149,202	\$ 43,885	\$ 40,436	\$ 13,002	\$ 3,913,014
13,340	95,042	258,122	111,168	32,698	30,054	9,688	2,913,745
-	546	-	1,286	-	29,169	-	125,430
440	5,012	-	-	-	-	-	53,631
-	-	-	-	-	-	-	362,293
<u>\$ 31,684</u>	<u>\$ 229,957</u>	<u>\$ 604,555</u>	<u>\$ 261,656</u>	<u>\$ 76,583</u>	<u>\$ 99,659</u>	<u>\$ 22,690</u>	<u>\$ 7,368,113</u>
\$ 4,293	\$ 3,676	\$ 25,798	\$ 23	\$ -	\$ 62	\$ -	\$ 122,811
417	1,899	-	2,790	-	-	1,152	179,675
-	-	-	31,478	-	-	-	36,097
<u>4,710</u>	<u>5,575</u>	<u>25,798</u>	<u>34,291</u>	<u>-</u>	<u>62</u>	<u>1,152</u>	<u>338,583</u>
-	53,312	-	-	-	27,573	-	80,885
-	53,312	-	-	-	27,573	-	80,885
440	5,012	-	-	-	-	-	53,631
-	166,058	578,757	227,365	76,583	72,024	21,538	6,868,480
<u>26,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,534</u>
<u>26,974</u>	<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>\$ 31,684</u>	<u>\$ 229,957</u>	<u>\$ 604,555</u>	<u>\$ 261,656</u>	<u>\$ 76,583</u>	<u>\$ 99,659</u>	<u>\$ 22,690</u>	<u>\$ 7,368,113</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2017**

	Community Corrections	Solid Waste	County Clerk's Records	Dog Control	Law Library
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous taxes	-	-	-	-	-
Licenses, permits and fees	-	-	-	231,341	-
Intergovernmental	3,358,819	-	-	-	-
Charges for services	391,548	1,029,022	14,897	20,930	-
Fines and forfeitures	-	-	-	21,143	88,858
Interest	27,017	38,636	956	3,980	657
Other	<u>30,702</u>	<u>2,700</u>	<u>-</u>	<u>60,533</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>3,808,086</u>	<u>1,070,358</u>	<u>15,853</u>	<u>337,927</u>	<u>89,515</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	11,781	-	64,526
Public safety	3,344,677	-	-	316,337	-
Health and welfare	-	520,911	-	-	-
Parks, culture, and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>3,344,677</u>	<u>520,911</u>	<u>11,781</u>	<u>316,337</u>	<u>64,526</u>
Excess (deficiency) of revenues over expenditures	<u>463,409</u>	<u>549,447</u>	<u>4,072</u>	<u>21,590</u>	<u>24,989</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	411,779	2,238	-	-	-
Transfers out	<u>(1,030,220)</u>	<u>(755,088)</u>	<u>(1,294)</u>	<u>(32,408)</u>	<u>(7,260)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(618,441)</u>	<u>(752,850)</u>	<u>(1,294)</u>	<u>(32,408)</u>	<u>(7,260)</u>
Net change in fund balances	(155,032)	(203,403)	2,778	(10,818)	17,729
Fund balances at beginning of year	<u>1,941,859</u>	<u>3,786,929</u>	<u>81,894</u>	<u>330,127</u>	<u>9,245</u>
Fund balances at end of year	<u>\$ 1,786,827</u>	<u>\$ 3,583,526</u>	<u>\$ 84,672</u>	<u>\$ 319,309</u>	<u>\$ 26,974</u>

County School	County Fair	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365,285	\$ -	\$ 365,285
9,693	-	-	-	-	-	-	9,693
-	-	-	-	-	-	-	231,341
6,326	53,667	321,182	-	-	-	44,066	3,784,060
-	428,653	-	84,602	-	-	-	1,969,652
-	-	-	-	-	-	-	110,001
58	1,120	5,983	2,752	853	2,064	488	84,564
-	<u>74,322</u>	-	-	-	-	-	<u>168,257</u>
<u>16,077</u>	<u>557,762</u>	<u>327,165</u>	<u>87,354</u>	<u>853</u>	<u>367,349</u>	<u>44,554</u>	<u>6,722,853</u>
-	-	303,131	55,532	-	-	-	434,970
-	-	-	-	-	-	-	3,661,014
-	-	-	-	-	-	-	520,911
-	456,926	-	-	-	-	27,728	484,654
16,139	-	-	-	-	-	-	16,139
-	<u>27,884</u>	-	-	-	<u>369,515</u>	-	<u>397,399</u>
<u>16,139</u>	<u>484,810</u>	<u>303,131</u>	<u>55,532</u>	<u>-</u>	<u>369,515</u>	<u>27,728</u>	<u>5,515,087</u>
<u>(62)</u>	<u>72,952</u>	<u>24,034</u>	<u>31,822</u>	<u>853</u>	<u>(2,166)</u>	<u>16,826</u>	<u>1,207,766</u>
-	161,717	-	-	-	-	4,500	580,234
-	<u>(118,374)</u>	<u>(68,466)</u>	<u>(8,987)</u>	<u>(97)</u>	<u>(383)</u>	<u>(23,074)</u>	<u>(2,045,651)</u>
-	<u>43,343</u>	<u>(68,466)</u>	<u>(8,987)</u>	<u>(97)</u>	<u>(383)</u>	<u>(18,574)</u>	<u>(1,465,417)</u>
(62)	116,295	(44,432)	22,835	756	(2,549)	(1,748)	(257,651)
<u>62</u>	<u>54,775</u>	<u>623,189</u>	<u>204,530</u>	<u>75,827</u>	<u>74,573</u>	<u>23,286</u>	<u>7,206,296</u>
<u>\$ -</u>	<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>

**YAMHILL COUNTY**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**June 30, 2017**

	Bicycle and Footpath	Systems Development	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 78,061	\$ 86,518	\$ 164,579
Investments	58,162	64,463	122,625
Receivables	5,361	-	5,361
<b>TOTAL ASSETS</b>	<b>\$ 141,584</b>	<b>\$ 150,981</b>	<b>\$ 292,565</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ 3,065	\$ 3,065
<b>TOTAL LIABILITIES</b>	-	3,065	3,065
<b><u>FUND BALANCES</u></b>			
Restricted for capital projects	141,584	147,916	289,500
<b>TOTAL FUND BALANCES</b>	141,584	147,916	289,500
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 141,584</b>	<b>\$ 150,981</b>	<b>\$ 292,565</b>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2017**

	Bicycle and Footpath	Systems Development	Totals
<b>REVENUES</b>			
Intergovernmental	\$ 63,435	\$ -	\$ 63,435
Charges for services	-	58,249	58,249
Interest	<u>1,673</u>	<u>1,584</u>	<u>3,257</u>
<b>TOTAL REVENUES</b>	<u>65,108</u>	<u>59,833</u>	<u>124,941</u>
<b>EXPENDITURES</b>			
Current			
Culture and recreation	-	37,773	37,773
Highways and streets	<u>136</u>	<u>-</u>	<u>136</u>
<b>TOTAL EXPENDITURES</b>	<u>136</u>	<u>37,773</u>	<u>37,909</u>
Excess (deficiency) of revenues over expenditures	<u>64,972</u>	<u>22,060</u>	<u>87,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(52,425)</u>	<u>(961)</u>	<u>(53,386)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(52,425)</u>	<u>(961)</u>	<u>(53,386)</u>
Net change in fund balances	12,547	21,099	33,646
Fund balances at beginning of year	<u>129,037</u>	<u>126,817</u>	<u>255,854</u>
Fund balances at end of year	<u>\$ 141,584</u>	<u>\$ 147,916</u>	<u>\$ 289,500</u>

**YAMHILL COUNTY**

**COMMUNITY CORRECTIONS - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 3,360,565	\$ 3,358,819	\$ (1,746)
Charges for services	562,990	560,346	(2,644)
Interest earnings	10,500	27,017	16,517
Other	<u>23,000</u>	<u>30,702</u>	<u>7,702</u>
<b>TOTAL REVENUES</b>	<u>3,957,055</u>	<u>3,976,884</u>	<u>19,829</u>
<b>EXPENDITURES</b>			
Community corrections	<u>4,731,368</u>	<u>4,338,141</u>	<u>393,227</u>
<b>TOTAL EXPENDITURES</b>	<u>4,731,368</u>	<u>4,338,141</u>	<u>393,227</u>
Excess (deficiency) of revenues over expenditures	<u>(774,313)</u>	<u>(361,257)</u>	<u>413,056</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>206,225</u>	<u>206,225</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>206,225</u>	<u>206,225</u>	<u>-</u>
Net change in fund balance	(568,088)	(155,032)	413,056
Fund balance at beginning of year	<u>1,400,000</u>	<u>1,941,859</u>	<u>541,859</u>
Fund balance at end of year	<u><u>\$ 831,912</u></u>	<u><u>\$ 1,786,827</u></u>	<u><u>\$ 954,915</u></u>

**YAMHILL COUNTY**

**SOLID WASTE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 1,082,336	\$ 1,029,022	\$ (53,314)
Interest earnings	26,538	40,874	14,336
Other	<u>2,700</u>	<u>2,700</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>1,111,574</u>	<u>1,072,596</u>	<u>(38,978)</u>
<b>EXPENDITURES</b>			
Solid waste	1,576,231	647,163	929,068
Contingency	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>
<b>TOTAL EXPENDITURES</b>	<u>3,876,231</u>	<u>647,163</u>	<u>3,229,068</u>
Excess (deficiency) of revenues over expenditures	<u>(2,764,657)</u>	<u>425,433</u>	<u>3,190,090</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Repayments of interfund loans	85,287	85,287	-
Transfers out	<u>(628,836)</u>	<u>(628,836)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(543,549)</u>	<u>(543,549)</u>	<u>-</u>
Net change in fund balance	(3,308,206)	(118,116)	3,190,090
Fund balance at beginning of year	<u>3,308,206</u>	<u>3,339,349</u>	<u>31,143</u>
Fund balance at end of year	<u>\$ -</u>	3,221,233	<u>\$ 3,221,233</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances to other funds		<u>362,293</u>	
Fund balance at end of year		<u>\$ 3,583,526</u>	

**YAMHILL COUNTY**

**COUNTY CLERK'S RECORDS - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 15,800	\$ 14,897	\$ (903)
Interest	<u>540</u>	<u>956</u>	<u>416</u>
 TOTAL REVENUES	 <u>16,340</u>	 <u>15,853</u>	 <u>(487)</u>
 <b>EXPENDITURES</b>			
Clerk records	<u>53,091</u>	<u>13,075</u>	<u>40,016</u>
 TOTAL EXPENDITURES	 <u>53,091</u>	 <u>13,075</u>	 <u>40,016</u>
 Net change in fund balance	 (36,751)	 2,778	 39,529
Fund balance at beginning of year	<u>36,822</u>	<u>81,894</u>	<u>45,072</u>
 Fund balance at end of year	 <u>\$ 71</u>	 <u>\$ 84,672</u>	 <u>\$ 84,601</u>

**YAMHILL COUNTY**

**DOG CONTROL - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 251,800	\$ 231,341	\$ (20,459)
Charges for services	24,110	20,930	(3,180)
Fines and penalties	21,576	21,143	(433)
Interest	284	3,980	3,696
Miscellaneous	<u>32,283</u>	<u>60,533</u>	<u>28,250</u>
 TOTAL REVENUES	 <u>330,053</u>	 <u>337,927</u>	 <u>7,874</u>
 <b>EXPENDITURES</b>			
Dog control	<u>630,053</u>	<u>348,745</u>	<u>281,308</u>
 TOTAL EXPENDITURES	 <u>630,053</u>	 <u>348,745</u>	 <u>281,308</u>
 Net change in fund balance	 (300,000)	 (10,818)	 289,182
Fund balance at beginning of year	<u>300,000</u>	<u>330,127</u>	<u>30,127</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 319,309</u>	 <u>\$ 319,309</u>

**YAMHILL COUNTY**

**LAW LIBRARY - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines and penalties	\$ 85,000	\$ 88,858	\$ 3,858
Interest	300	657	357
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>85,300</u>	<u>89,515</u>	<u>4,215</u>
<b>EXPENDITURES</b>			
Law library	82,585	71,786	10,799
Contingency	<u>7,715</u>	<u>-</u>	<u>7,715</u>
<b>TOTAL EXPENDITURES</b>	<u>90,300</u>	<u>71,786</u>	<u>18,514</u>
Net change in fund balance	(5,000)	17,729	22,729
Fund balance at beginning of year	<u>5,000</u>	<u>9,245</u>	<u>4,245</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 26,974</u>	 <u>\$ 26,974</u>

**YAMHILL COUNTY**

**COUNTY SCHOOL - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Miscellaneous taxes	\$ 10,000	\$ 9,693	\$ (307)
Intergovernmental	85,000	6,326	(78,674)
Interest	<u>200</u>	<u>58</u>	<u>(142)</u>
<b>TOTAL REVENUES</b>	<u>95,200</u>	<u>16,077</u>	<u>(79,123)</u>
<b>EXPENDITURES</b>			
County school	<u>95,200</u>	<u>16,139</u>	<u>79,061</u>
<b>TOTAL EXPENDITURES</b>	<u>95,200</u>	<u>16,139</u>	<u>79,061</u>
Net change in fund balance	-	(62)	(62)
Fund balance at beginning of year	<u>-</u>	<u>62</u>	<u>62</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**YAMHILL COUNTY**

**COUNTY FAIR - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 53,000	\$ 53,667	\$ 667
Charges for services	540,095	590,370	50,275
Interest	150	1,120	970
Other	<u>70,000</u>	<u>74,322</u>	<u>4,322</u>
<b>TOTAL REVENUES</b>	<u>663,245</u>	<u>719,479</u>	<u>56,234</u>
<b>EXPENDITURES</b>			
County Fair	676,179	603,119	73,060
Contingency	<u>29,895</u>	<u>-</u>	<u>29,895</u>
<b>TOTAL EXPENDITURES</b>	<u>706,074</u>	<u>603,119</u>	<u>102,955</u>
Excess (deficiency) of revenues over expenditures	<u>(42,829)</u>	<u>116,360</u>	<u>159,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Repayments on interfund loans	(13,077)	(13,076)	1
Interest on interfund loans	<u>(65)</u>	<u>(65)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,142)</u>	<u>(13,141)</u>	<u>1</u>
Net change in fund balance	(55,971)	103,219	159,190
Fund balance at beginning of year	<u>55,971</u>	<u>67,851</u>	<u>11,880</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 171,070</u>	<u>\$ 171,070</u>

**YAMHILL COUNTY**

**ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 270,000	\$ 321,182	\$ 51,182
Interest	<u>3,500</u>	<u>5,983</u>	<u>2,483</u>
 TOTAL REVENUES	 <u>273,500</u>	 <u>327,165</u>	 <u>53,665</u>
 <b>EXPENDITURES</b>			
Economic development	<u>774,817</u>	<u>371,597</u>	<u>403,220</u>
 TOTAL EXPENDITURES	 <u>774,817</u>	 <u>371,597</u>	 <u>403,220</u>
 Net change in fund balance	 (501,317)	 (44,432)	 456,885
Fund balance at beginning of year	<u>501,317</u>	<u>623,189</u>	<u>121,872</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 578,757</u>	 <u>\$ 578,757</u>

**YAMHILL COUNTY**

**CORNER RESTORATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 85,000	\$ 84,602	\$ (398)
Interest	<u>1,480</u>	<u>2,752</u>	<u>1,272</u>
<b>TOTAL REVENUES</b>	<u>86,480</u>	<u>87,354</u>	<u>874</u>
<b>EXPENDITURES</b>			
Surveyor	<u>115,564</u>	<u>64,519</u>	<u>51,045</u>
<b>TOTAL EXPENDITURES</b>	<u>115,564</u>	<u>64,519</u>	<u>51,045</u>
Net change in fund balance	(29,084)	22,835	51,919
Fund balance at beginning of year	<u>195,022</u>	<u>204,530</u>	<u>9,508</u>
Fund balance at end of year	<u><u>\$ 165,938</u></u>	<u><u>\$ 227,365</u></u>	<u><u>\$ 61,427</u></u>

**YAMHILL COUNTY**

**TITLE III - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 20,000	\$ -	\$ (20,000)
Interest	<u>600</u>	<u>853</u>	<u>253</u>
<b>TOTAL REVENUES</b>	<u>20,600</u>	<u>853</u>	<u>(19,747)</u>
<b>EXPENDITURES</b>			
Title III	<u>96,500</u>	<u>97</u>	<u>96,403</u>
<b>TOTAL EXPENDITURES</b>	<u>96,500</u>	<u>97</u>	<u>96,403</u>
Net change in fund balance	(75,900)	756	76,656
Fund balance at beginning of year	<u>75,900</u>	<u>75,827</u>	<u>(73)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 76,583</u>	<u>\$ 76,583</u>

**YAMHILL COUNTY**

**EXTENSION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 348,596	\$ 365,285	\$ 16,689
Interest	<u>-</u>	<u>2,064</u>	<u>2,064</u>
 TOTAL REVENUES	 <u>348,596</u>	 <u>367,349</u>	 <u>18,753</u>
 <b>EXPENDITURES</b>			
Materials and services	<u>371,012</u>	<u>369,898</u>	<u>1,114</u>
 TOTAL EXPENDITURES	 <u>371,012</u>	 <u>369,898</u>	 <u>1,114</u>
 Net change in fund balance	 (22,416)	 (2,549)	 19,867
Fund balance at beginning of year	<u>73,920</u>	<u>74,573</u>	<u>653</u>
 Fund balance at end of year	 <u>\$ 51,504</u>	 <u>\$ 72,024</u>	 <u>\$ 20,520</u>

**YAMHILL COUNTY**

**HABITAT CONSERVATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 44,066	\$ 44,066	\$ -
Other	<u>412</u>	<u>488</u>	<u>76</u>
<b>TOTAL REVENUES</b>	<u>44,478</u>	<u>44,554</u>	<u>76</u>
<b>EXPENDITURES</b>			
Habitat conservation	51,607	50,802	805
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>TOTAL EXPENDITURES</b>	<u>56,607</u>	<u>50,802</u>	<u>5,805</u>
Excess (deficiency) of revenues over expenditures	<u>(12,129)</u>	<u>(6,248)</u>	<u>5,881</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>4,500</u>	<u>4,500</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Net change in fund balance	(7,629)	(1,748)	5,881
Fund balance at beginning of year	<u>7,629</u>	<u>23,286</u>	<u>15,657</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 21,538</u>	<u>\$ 21,538</u>

**YAMHILL COUNTY**

**BICYCLE AND FOOTPATH - CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 59,247	\$ 63,435	\$ 4,188
Interest	<u>340</u>	<u>1,673</u>	<u>1,333</u>
<b>TOTAL REVENUES</b>	<u>59,587</u>	<u>65,108</u>	<u>5,521</u>
<b>EXPENDITURES</b>			
Bike and footpath	52,414	52,561	(147)
Contingency	<u>128,971</u>	<u>-</u>	<u>128,971</u>
<b>TOTAL EXPENDITURES</b>	<u>181,385</u>	<u>52,561</u>	<u>128,824</u>
Net change in fund balance	(121,798)	12,547	134,345
Fund balance at beginning of year	<u>121,798</u>	<u>129,037</u>	<u>7,239</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 141,584</u>	<u>\$ 141,584</u>

**YAMHILL COUNTY**

**SYSTEMS DEVELOPMENT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 62,668	\$ 58,249	\$ (4,419)
Interest	<u>750</u>	<u>1,584</u>	<u>834</u>
<b>TOTAL REVENUES</b>	<u>63,418</u>	<u>59,833</u>	<u>(3,585)</u>
<b>EXPENDITURES</b>			
SDC	<u>183,485</u>	<u>38,734</u>	<u>144,751</u>
<b>TOTAL EXPENDITURES</b>	<u>183,485</u>	<u>38,734</u>	<u>144,751</u>
Net change in fund balance	(120,067)	21,099	141,166
Fund balance at beginning of year	<u>120,656</u>	<u>126,817</u>	<u>6,161</u>
Fund balance at end of year	<u>\$ 589</u>	<u>\$ 147,916</u>	<u>\$ 147,327</u>

**YAMHILL COUNTY**

**COVE ORCHARD SEWER - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 47,540	\$ 49,135	\$ 1,595
Interest	<u>700</u>	<u>844</u>	<u>144</u>
 TOTAL REVENUES	 <u>48,240</u>	 <u>49,979</u>	 <u>1,739</u>
 <b>EXPENDITURES</b>			
Personnel services	6,804	4,844	1,960
Materials and services	62,388	44,908	17,480
Capital outlay	15,000	-	15,000
Contingency	<u>47,509</u>	<u>-</u>	<u>47,509</u>
 TOTAL EXPENDITURES	 <u>131,701</u>	 <u>49,752</u>	 <u>81,949</u>
 Net change in fund balance	 (83,461)	 227	 83,688
Fund balance at beginning of year	<u>83,461</u>	<u>69,066</u>	<u>(14,395)</u>
 Fund balance at end of year	 <u>\$ -</u>	 69,293	 <u>\$ 69,293</u>
 <b>Reconciliation to generally accepted accounting principles</b>			
Receivables		20,822	
Capital assets, net		89,916	
Compensated absences		<u>(64)</u>	
 Net position at end of year		 <u>\$ 179,967</u>	

**YAMHILL COUNTY**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2017**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 220,143	\$ 2,480,757	\$ 809,492	\$ 3,510,392
Investments	164,026	1,791,732	603,142	2,558,900
Receivables	21,178	44,474	185	65,837
Advances to other funds	<u>-</u>	<u>408,287</u>	<u>500,000</u>	<u>908,287</u>
 TOTAL ASSETS	 <u>405,347</u>	 <u>4,725,250</u>	 <u>1,912,819</u>	 <u>7,043,416</u>
<b><u>LIABILITIES</u></b>				
Accounts payable and accrued liabilities	1,282	956	5,045	7,283
Payroll and related liabilities	1,490	639	-	2,129
Compensated absences payable	<u>2,420</u>	<u>2,941</u>	<u>-</u>	<u>5,361</u>
 TOTAL LIABILITIES	 <u>5,192</u>	 <u>4,536</u>	 <u>5,045</u>	 <u>14,773</u>
<b><u>NET POSITION</u></b>				
Unrestricted	<u>\$ 400,155</u>	<u>\$ 4,720,714</u>	<u>\$ 1,907,774</u>	<u>\$ 7,028,643</u>

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**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2017**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 65,325	\$ 14,439	\$ 79,764
Other	<u>124,181</u>	<u>20,295</u>	<u>2,735</u>	<u>147,211</u>
<b>TOTAL OPERATING REVENUES</b>	<u>124,181</u>	<u>85,620</u>	<u>17,174</u>	<u>226,975</u>
<b>OPERATING EXPENSES</b>				
Personnel services	167,376	71,819	-	239,195
Materials and services	<u>227,202</u>	<u>1,773,905</u>	<u>69,819</u>	<u>2,070,926</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>394,578</u>	<u>1,845,724</u>	<u>69,819</u>	<u>2,310,121</u>
Operating income (loss)	<u>(270,397)</u>	<u>(1,760,104)</u>	<u>(52,645)</u>	<u>(2,083,146)</u>
<b>NONOPERATING REVENUES</b>				
Investment earnings	<u>3,356</u>	<u>41,391</u>	<u>16,662</u>	<u>61,409</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>3,356</u>	<u>41,391</u>	<u>16,662</u>	<u>61,409</u>
Income (loss) before transfers	(267,041)	(1,718,713)	(35,983)	(2,021,737)
Transfers in	407,479	2,328,897	621,719	3,358,095
Transfers out	<u>(33,155)</u>	<u>(226,905)</u>	<u>(342,859)</u>	<u>(602,919)</u>
Change in net position	107,283	383,279	242,877	733,439
Net position-beginning	<u>292,872</u>	<u>4,337,435</u>	<u>1,664,897</u>	<u>6,295,204</u>
Net position-end	<u>\$ 400,155</u>	<u>\$ 4,720,714</u>	<u>\$ 1,907,774</u>	<u>\$ 7,028,643</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2017**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 407,479	\$ 2,348,423	\$ 502,097	\$ 3,257,999
Other receipts	113,145	20,295	2,667	136,107
Payments for interfund services provided	(27,611)	(226,905)	(49,208)	(303,724)
Payments to suppliers of goods or services	(223,616)	(1,773,211)	(66,933)	(2,063,760)
Payments to employees for services	<u>(186,924)</u>	<u>(72,371)</u>	<u>-</u>	<u>(259,295)</u>
Net cash provided by (used in) operating activities	<u>82,473</u>	<u>296,231</u>	<u>388,623</u>	<u>767,327</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Repayments of advances from other funds		-	(500,000)	(500,000)
Transfers in	<u>-</u>	<u>25,000</u>	<u>100,000</u>	<u>125,000</u>
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>25,000</u>	<u>(400,000)</u>	<u>(375,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	-	(293,651)	(293,651)
Repayments of advances to other funds	-	91,222	-	91,222
Interest on advances to other funds	-	3,567	-	3,567
Transfers in	-	-	34,061	34,061
Transfers out	<u>(5,544)</u>	<u>-</u>	<u>-</u>	<u>(5,544)</u>
Net cash provided by (used in) capital and related financing activities	<u>(5,544)</u>	<u>94,789</u>	<u>(259,590)</u>	<u>(170,345)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	3,355	41,391	16,662	61,408
Purchase of investments	<u>(74,397)</u>	<u>(688,919)</u>	<u>(111,488)</u>	<u>(874,804)</u>
Net cash (used in) investing activities	<u>(71,042)</u>	<u>(647,528)</u>	<u>(94,826)</u>	<u>(813,396)</u>
Net increase (decrease) in cash and cash equivalents	5,887	(231,508)	(365,793)	(591,414)
Cash and cash equivalents-beginning of year	<u>214,256</u>	<u>2,712,265</u>	<u>1,175,285</u>	<u>4,101,806</u>
Cash and cash equivalents-end of year	<u>\$ 220,143</u>	<u>\$ 2,480,757</u>	<u>\$ 809,492</u>	<u>\$ 3,510,392</u>

*Continued on next page*

**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**INTERNAL SERVICE FUNDS**

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
<b>Reconciliation of operating (loss) to net cash provided by operating activities</b>				
Operating (loss)	\$ (270,397)	\$ (1,760,104)	\$ (52,645)	\$ (2,083,146)
Adjustments to reconcile operating (loss) to net cash provided by operating activities				
Transfers in for interfund charges	407,479	2,300,330	487,658	3,195,467
Transfers out for interfund charges	(27,611)	(226,905)	(49,208)	(303,724)
(Increase) decrease in assets:				
Receivables	(11,036)	(17,232)	(68)	(28,336)
Prepaid items	5,106	-	-	5,106
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(1,520)	694	2,886	2,060
Payroll and related liabilities	(8,199)	(869)	-	(9,068)
Compensated absences payable	(11,349)	317	-	(11,032)
Net cash provided by operating activities	<u>\$ 82,473</u>	<u>\$ 296,231</u>	<u>\$ 388,623</u>	<u>\$ 767,327</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS**

Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (293,651)</u>	<u>\$ (293,651)</u>
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**YAMHILL COUNTY**

**TELECOMMUNICATIONS - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 367,794	\$ 407,479	\$ 39,685
Interest	1,000	3,356	2,356
Other	<u>112,000</u>	<u>124,181</u>	<u>12,181</u>
<b>TOTAL REVENUES</b>	<u>480,794</u>	<u>535,016</u>	<u>54,222</u>
<b>EXPENDITURES</b>			
Telecommunications	<u>630,794</u>	<u>439,082</u>	<u>191,712</u>
<b>TOTAL EXPENDITURES</b>	<u>630,794</u>	<u>439,082</u>	<u>191,712</u>
Net change in fund balance	(150,000)	95,934	245,934
Fund balance at beginning of year	<u>150,000</u>	<u>306,641</u>	<u>156,641</u>
Fund balance at end of year	<u>\$ -</u>	402,575	<u>\$ 402,575</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Compensated absences payable		<u>(2,420)</u>	
Net position at end of year		<u>\$ 400,155</u>	

**YAMHILL COUNTY**

**SELF-INSURANCE - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 2,340,096	\$ 2,369,222	\$ 29,126
Interest	16,000	41,391	25,391
Other	<u>-</u>	<u>20,295</u>	<u>20,295</u>
<b>TOTAL REVENUES</b>	<u>2,356,096</u>	<u>2,430,908</u>	<u>74,812</u>
<b>EXPENDITURES</b>			
Insurance reserve	3,337,003	2,072,312	1,264,691
Contingency	<u>650,000</u>	<u>-</u>	<u>650,000</u>
<b>TOTAL EXPENDITURES</b>	<u>3,987,003</u>	<u>2,072,312</u>	<u>1,914,691</u>
Excess (deficiency) of revenues over expenditures	<u>(1,630,907)</u>	<u>358,596</u>	<u>1,989,503</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Repayments of interfund loans	91,240	91,222	(18)
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>116,240</u>	<u>116,222</u>	<u>(18)</u>
Net change in fund balance	(1,514,667)	474,818	1,989,485
Fund balance at beginning of year	<u>3,400,084</u>	<u>3,840,550</u>	<u>440,466</u>
Fund balance at end of year	<u>\$ 1,885,417</u>	4,315,368	<u>\$ 2,429,951</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances to other funds		408,287	
Compensated absences payable		<u>(2,941)</u>	
Net position at end of year		<u>\$ 4,720,714</u>	

**YAMHILL COUNTY**

**MOTOR VEHICLE REPLACEMENT - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 687,106	\$ 636,158	\$ (50,948)
Interest	21,000	16,662	(4,338)
Other	<u>51,000</u>	<u>2,735</u>	<u>(48,265)</u>
<b>TOTAL REVENUES</b>	<u>759,106</u>	<u>655,555</u>	<u>(103,551)</u>
<b>EXPENDITURES</b>			
Motor vehicle	1,221,471	412,678	808,793
Contingency	<u>145,000</u>	<u>-</u>	<u>145,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,366,471</u>	<u>412,678</u>	<u>953,793</u>
Excess (deficiency) of revenues over expenditures	(607,365)	242,877	850,242
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	(1,107,365)	(257,123)	850,242
Fund balance at beginning of year	<u>1,729,270</u>	<u>1,664,897</u>	<u>(64,373)</u>
Fund balance at end of year	<u>\$ 621,905</u>	1,407,774	<u>\$ 785,869</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances to other funds		<u>500,000</u>	
Fund balance at end of year		<u>\$ 1,907,774</u>	

**YAMHILL COUNTY**

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**For the Year Ended June 30, 2017**

Agency Fund	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017
<b><u>Unsegregated Tax and Interest</u></b>				
Assets				
Cash and investments	\$ 1,166,317	\$ 127,390,924	\$ 127,450,309	\$ 1,106,932
Property taxes receivable	<u>9,260,498</u>	<u>127,651,905</u>	<u>128,082,336</u>	<u>8,830,067</u>
Total assets	<u>\$ 10,426,815</u>	<u>\$ 255,042,829</u>	<u>\$ 255,532,645</u>	<u>\$ 9,936,999</u>
Liabilities				
Intergovernmental payables	<u>\$ 10,702,722</u>	<u>\$ 120,153,582</u>	<u>\$ 120,919,305</u>	<u>\$ 9,936,999</u>
<b><u>Holding Trust</u></b>				
Assets				
Cash and investments	<u>\$ 52,871</u>	<u>\$ 34,082</u>	<u>\$ 39,165</u>	<u>\$ 47,788</u>
Liabilities				
Amounts held in trust	<u>\$ 52,871</u>	<u>\$ 34,082</u>	<u>\$ 39,165</u>	<u>\$ 47,788</u>
<b><u>Assessment and Mapping</u></b>				
Assets				
Cash and investments	<u>\$ 232,308</u>	<u>\$ 1,873,791</u>	<u>\$ 1,835,878</u>	<u>\$ 270,221</u>
Liabilities				
Intergovernmental payables	<u>\$ 232,308</u>	<u>\$ 1,839,735</u>	<u>\$ 1,801,822</u>	<u>\$ 270,221</u>
<b><u>Total-All Agency Funds</u></b>				
Assets				
Cash and investments	\$ 1,451,496	\$ 129,298,797	\$ 129,325,352	\$ 1,424,941
Property taxes receivable	<u>9,260,498</u>	<u>127,651,905</u>	<u>128,082,336</u>	<u>8,830,067</u>
Total assets	<u>\$ 10,711,994</u>	<u>\$ 256,950,702</u>	<u>\$ 257,407,688</u>	<u>\$ 10,255,008</u>
Liabilities				
Intergovernmental payables	\$ 10,935,030	\$ 121,993,317	\$ 122,721,127	\$ 10,207,220
Amounts held in trust	<u>52,871</u>	<u>34,082</u>	<u>39,165</u>	<u>47,788</u>
Total liabilities	<u>\$ 10,987,901</u>	<u>\$ 122,027,399</u>	<u>\$ 122,760,292</u>	<u>\$ 10,255,008</u>

# YAMHILL COUNTY

## SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS AGENCY FUND For the Year Ended June 30, 2017

Official	Classification of Cash and Cash Equivalents										
	Total Cash and Cash Equivalents				Total Cash and Cash Equivalents						Local Govt Pool
	June 30, 2016	Cash Receipts	Cash Disbursements and Refunds	Turned to Treasurer	June 30, 2017	Cash on Hand	Checking	Unsegregated Tax Accts	Other Investments	Total	
Assessor	\$ 350	\$ 466,570	\$ -	\$ 466,570	\$ 350	\$ 350	\$ -	\$ -	\$ -	\$ 350	
Clerk	1,100	877,946	-	877,946	1,100	1,100	-	-	-	1,100	
Commissioners	4,700	165	-	165	4,700	4,700	-	-	-	4,700	
District Attorney	1,000	778,259	-	778,259	1,000	1,000	-	-	-	1,000	
Sheriff	1,010	6,313,096	-	6,313,646	460	460	-	-	-	460	
Treasurer	47,150,484	71,698,496	118,857,140	-	51,570,607	5,515	2,906,067	1,106,932	47,552,093	51,570,607	
	<u>\$ 47,158,644</u>	<u>\$ 80,134,531</u>	<u>\$ 118,857,140</u>	<u>\$ 8,436,585</u>	<u>\$ 51,578,217</u>	<u>\$ 13,125</u>	<u>\$ 2,906,067</u>	<u>\$ 1,106,932</u>	<u>\$ 47,552,093</u>	<u>\$ 51,578,217</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, 2017, and have issued our report thereon dated December 29, 2017.

### 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:

- Disbursements in excess of appropriations (which is prohibited by ORS 294.435) were made in the following categories:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Capital Improvement			
Jail Maintenance	\$ 558,948	\$ 559,183	\$ (235)
Bicycle and Footpath			
Bike and footpath	52,414	52,561	(147)

- Historical actual information in the budget detail does not agree to the audited budget to actual statements 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. Deficiencies in internal control, if any, were communicated separately.

**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 29, 2017

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, 2017, 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 29, 2017.

***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 29, 2017



**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, 2017. 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 Yamhill 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 Yamhill County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Yamhill 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, 2017.

**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 Yamhill 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 Yamhill 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 29, 2017

YAMHILL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017

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?	No

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
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

CFDA Number(s)

Name of Federal Program or Cluster

20.509	Formula Grants for Other Than Urbanized Areas
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities

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 reported

Section III - Federal Award Findings and Questioned Costs

None reported

YAMHILL COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2017

<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>Department of Agriculture</i>			
<b>Food and Nutrition Service</b>			
<i>Passed through Oregon State Health Division</i>			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553		\$ 7,521
National School Lunch Program	10.555		11,133
Subtotal Child Nutrition Cluster			<u>18,654</u>
<b>Forest Service</b>			
Schools and Roads - Grants to States	10.665		<u>25,304</u>
Total Department of Agriculture			<u>43,958</u>
<i>Department of the Interior</i>			
<b>Bureau of Land Management</b>			
Payments in Lieu of Taxes	15.226		21,513
Distribution of Receipts to State and Local Governments	15.227		135,377
<b>Fish and Wildlife Service</b>			
National Wildlife Refuge Fund	15.659		<u>4,104</u>
Total Department of the Interior			<u>160,994</u>
<i>Department of Justice</i>			
<b>Office for Victims of Crime</b>			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance	16.575	VOCA	105,708
<b>Bureau of Justice Assistance</b>			
State Criminal Alien Assistance Program	16.606		9,290
Title II Formula Grant	16.540		<u>5,000</u>
Total Department of Justice			<u>119,998</u>
<i>Department of Transportation</i>			
<b>Federal Transit Administration</b>			
<i>Passed through Oregon Department of Transportation</i>			
Highway Planning and Construction	20.205	93-1111585	<u>11,665</u>
Formula Grants for Rural Areas	20.509	29957	<u>871,981</u>
Enhanced Movility of Seniors and Individuals with Disabilities	20.513	29310	<u>330,466</u>
<b>National Highway Traffic Safety Administration</b>			
<i>Passed through Oregon State Sheriff's Association</i>			
Speed Grant	20.600		<u>4,473</u>
<u>Highway Safety Cluster</u>			
Safety Belt Program	20.616	M1HVE-16-46-08	4,103
		M1HVE-17-46-08	5,469
DUII Grant	20.616	M5HVE-16-12-21	679
		M5HVE-17-12-21	<u>3,625</u>
Subtotal Highway Safety Cluster			<u>13,876</u>
Total Department of Transportation			<u>1,232,461</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>
<b><i>Environmental Protection Agency</i></b>			
<b>Office of Water</b>			
<i>Passed through Oregon Department of Human Services</i>			
State Public Water System Supervision	66.432		\$ 12,722
Capitalization Grants for Drinking Water State Revolving Funds	66.468		14,414
Total Environmental Protection Agency			<u>27,136</u>
<b><i>Department of Health and Human Services</i></b>			
<b>Office of Population Affairs</b>			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Family Planning Services	93.217		55,448
<b>Administration for Children and Families</b>			
<i>Passed through Oregon State Adult and Family Services Division</i>			
Child Support Enforcement	93.563		348,061
<b>Centers for Disease Control and Prevention</b>			
<i>Passed through Oregon Department of Human Services</i>			
Public Health Emergency Preparedness	93.069		108,515
Hospital Preparedness Program & Public Health Emergency			
Preparedness Cooperative Agreement	93.074		11,500
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		840
<b>Health Resources and Services Administration</b>			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Maternal and Child Health Services Block Grant	93.994		45,547
<b>Substance Abuse and Mental Health Services Administration</b>			
<i>Passed through Oregon Department of Human Services Service Division</i>			
Block Grants for Community Mental Health Services	93.958		102,891
Block Grants for Prevention and Treatment of Substance Abuse	93.959		205,443
Total Department of Health and Human Services			<u>878,245</u>
<b><i>Social Security Administration</i></b>			
Social Security - Work Incentives - Planning and Assistance Program	96.008		<u>6,000</u>
<b><i>Department of Homeland Security</i></b>			
<i>Passed through Oregon State Police Office of Emergency Management</i>			
Homeland Disaster Grants	97.036		63,061
Emergency Management Performance Grants	97.042		50,315
<i>Passed through Oregon Military Department, Office of Emergency Management</i>			
Homeland Security Grant Program	97.067		59,402
Total Department of Homeland Security			<u>172,778</u>
Total Expenditures of Federal Awards			<u>\$ 2,641,570</u>

*See accompanying notes*

## YAMHILL COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

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, 2017. 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.