



McMinnville, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

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

For the Year Ended June 30, 2015

COUNTY ADMINISTRATOR

Laura Tschabold

BOARD OF COMMISSIONERS

TERM EXPIRATION

Allen Springer

January 1, 2017

Mary Starrett

January 6, 2019

Stan Primozich
(Term began January 2015)

January 6, 2019

Katherine George

January 5, 2015

*All board members receive their mail at the address listed below

OTHER ELECTED OFFICIALS

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

COUNTY ADDRESS

535 E 5th Street
McMinnville, OR 97128

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YAMHILL COUNTY

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
YAMHILL COUNTY
McMinnville, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General, Road, Health and Human Services, and Solid Waste Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Emphasis of Matters

Adoption of new accounting standard

As discussed in notes to the financial statements, the County adopted the accounting requirements of Governmental Accounting Standards Board Statements No. 68, Accounting and Financial Reporting for Pensions, which resulted in the restatement of the beginning balances for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Revised financial statements

The financial statements have been revised to correct an error in the application of accounting principals generally accepted in the United States as discussed in note 2 regarding the determination and presentation of major governmental funds in the basic financial statements. Previously issued basic financial statements did not present the Road and Solid Waste funds as major governmental funds and did not include budgetary comparisons for these funds. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-viii and the required supplementary information on pages 57 and 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 24, 2015 on our consideration of Yamhill 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

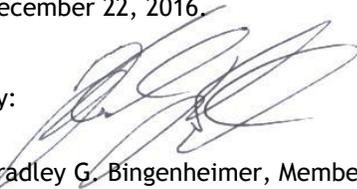
Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 24, 2015, on our consideration of Yamhill County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon

December 24, 2015, except for the revised financial statements as discussed in note 2, as to which the date is December 22, 2016.

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, 2015

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, 2015.

Financial Highlights

- The assets of Yamhill County exceeded its liabilities at the close of the most recent fiscal year by \$164,672,915 (*net position*). Of this amount, \$12,161,920 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. A new Governmental Accounting Standard (GASB 68) for accounting and financial reporting for pensions was implemented. This required that a prior period adjustment be recorded. An adjustment was also recorded to reconcile a difference in the capital assets. The beginning net position was by reduced by \$14,358,761 to \$158,941,177 rather than the \$173,299,938 reported in the June 30, 2014 audited financial statements. Additional information can be found in the notes to the basic financial statements.
- As of the close of the fiscal year, Yamhill County's governmental funds reported combined ending fund balances of \$31,579,777, an increase of \$6,213,141 from the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,258,219, or 36.4 % of General Fund expenditures. This an increase from the 16.8% in the prior fiscal year.
- Yamhill County's total long-term obligations increased by \$2,731,773 during the current fiscal year. This is primarily due to the recognition of a new debt in the amount of \$2,603,691 which represents the County's portion of the costs of the Newberg-Dundee Bypass project. Please see Note 5 in the notes to the financial statements for more information.

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 the 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 liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of 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 these *component* units is reported separately from the financial information presented for the primary government

itself. 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 22 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, Health and Human Services, and 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 these nonmajor 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 budgetary compliance.

The governmental fund financial statements can be found on pages 3 – 13 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 costs, telecommunications costs and to maintain the County's vehicles which include the Sheriff's Office patrol cars. 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 14-16 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 17 of this report.

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

found pages 18-57 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 N, on pages 25 and 26.

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 financial statements and schedules can be found on pages 60-97 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 \$164,484,551 at the close of the most recent fiscal year.

By far the largest portion of Yamhill County's net position (81.2%) 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

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 43,601,236	\$ 37,404,190	\$ 112,346	\$ 113,898	\$ 43,713,582	\$ 37,518,088
Net pension asset	4,548,775	-	-	-	4,548,775	-
Capital assets, net	137,337,202	146,165,696	78,356	79,103	137,415,558	146,244,799
Total assets	185,487,213	183,569,886	190,702	193,001	185,677,915	183,762,887
Deferred Outflow of Resources	1,526,840	-	-	-	1,526,840	-
Liabilities						
Long-term liabilities	7,420,316	3,445,866	-	-	7,420,316	3,445,866
Other liabilities	5,878,441	7,016,198	2,338	885	5,880,779	7,017,083
Total liabilities	13,298,757	10,462,064	2,338	885	13,301,095	10,462,949
Deferred Inflow of Resources	9,230,745	-	-	-	9,230,745	-
Net assets						
Net investment in capital assets	133,716,296	145,097,373	78,356	79,103	133,794,652	145,176,476
Restricted	18,606,335	15,138,068	-	-	18,606,335	15,138,068
Unrestricted	12,161,920	12,872,381	110,008	113,013	12,271,928	12,985,394
Prior period adjustment	-	(14,358,761)	-	-	-	(14,358,761)
Total net position	\$ 164,484,551	\$ 158,749,061	\$ 188,364	\$ 192,116	\$ 164,672,915	\$ 158,941,177

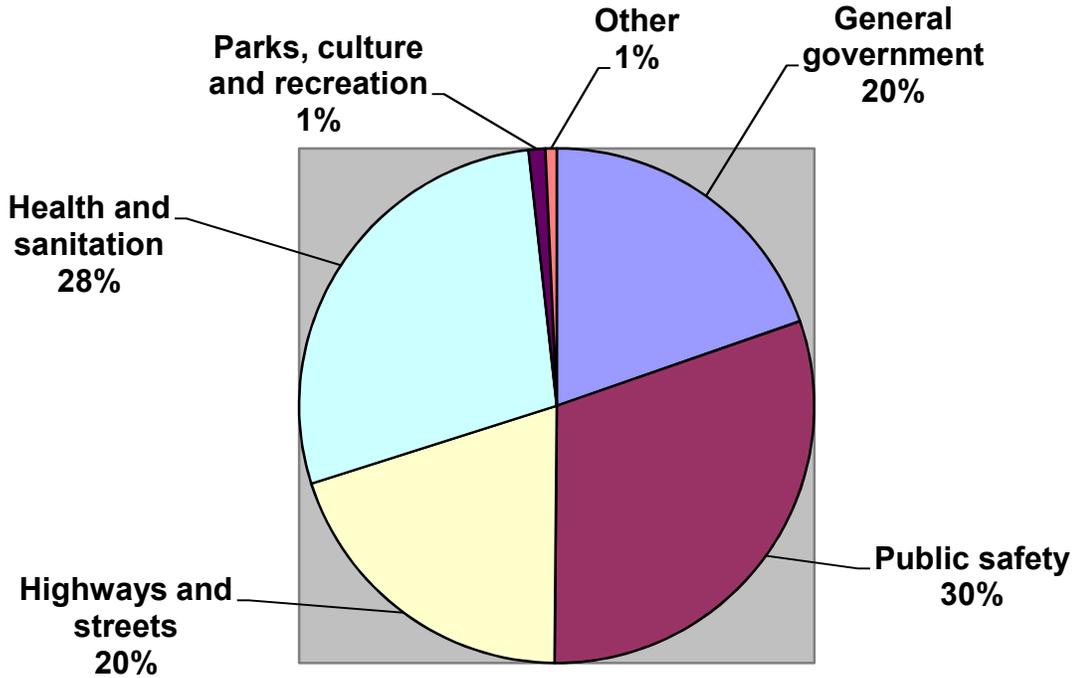
A portion of Yamhill County's net position of \$164,672,915 represents resources that are subject to some restrictions on how they may be used. The remaining balance of *unrestricted net position* \$12,488,512 (7.6% of the total) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased Yamhill County's net position by \$5,735,490.

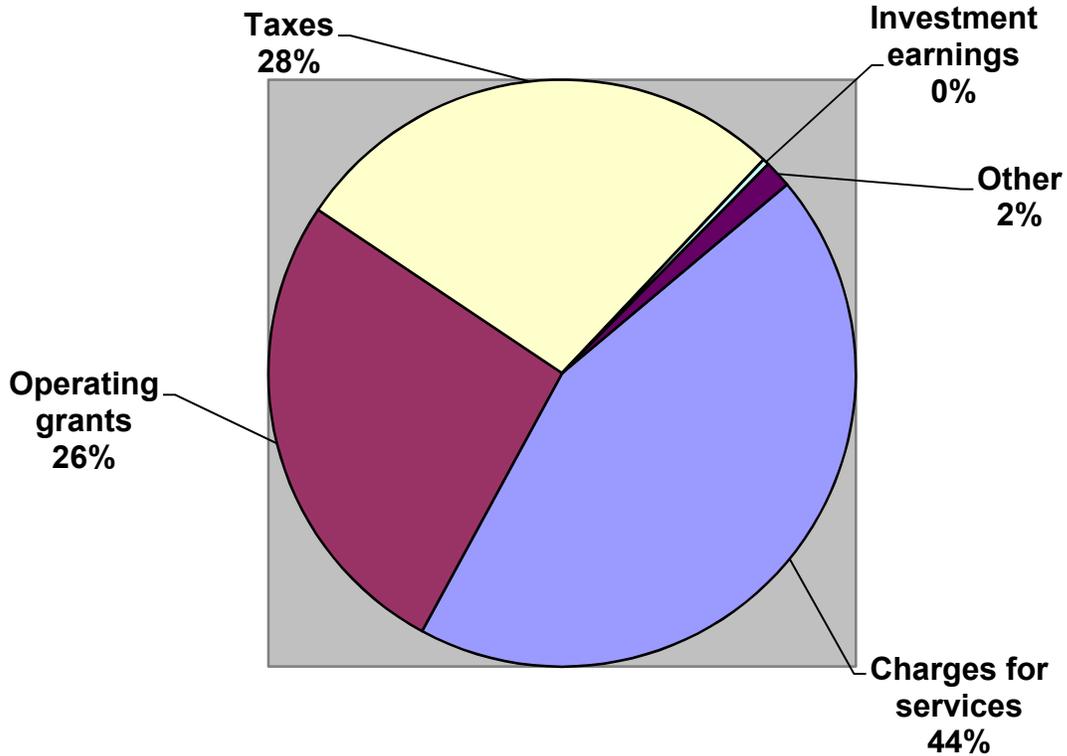
Yamhill County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 31,223,480	\$ 20,301,905	\$ 48,154	\$ 48,634	\$ 31,271,634	\$ 20,350,539
Operating grants and contributions	18,783,079	22,617,194	-	-	18,783,079	22,617,194
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	19,598,627	18,822,848			19,598,627	18,822,848
Investment earnings	249,836	167,070	729	546	250,565	167,616
Gain (loss) on sale of assets	(189,477)	(205,697)	-	-	(189,477)	(205,697)
Miscellaneous	1,255,312	955,516	228	230	1,255,540	955,746
Total revenues	<u>70,920,857</u>	<u>62,658,836</u>	<u>49,111</u>	<u>49,410</u>	<u>70,969,968</u>	<u>62,708,246</u>
Expenses						
Governmental activities:						
General government	12,826,612	13,023,341	-	-	12,826,612	13,023,341
Public safety	19,850,299	19,241,367	-	-	19,850,299	19,241,367
Highways and streets	13,016,733	11,773,977	-	-	13,016,733	11,773,977
Health and sanitation	18,354,390	17,592,139	-	-	18,354,390	17,592,139
Parks, cultural and recreation	673,637	644,333	-	-	673,637	644,333
Education	417,228	414,268	-	-	417,228	414,268
Interest on long-term obligations	46,667	32,174	-	-	46,667	32,174
Sewer	-	-	52,664	43,565	52,664	43,565
Total expenses	<u>65,185,566</u>	<u>62,721,599</u>	<u>52,664</u>	<u>43,565</u>	<u>65,238,230</u>	<u>62,765,164</u>
Increase (decrease) in net assets						
before transfers	5,735,291	(62,763)	(3,553)	5,845	5,731,738	(56,918)
Transfers	199	221	(199)	(221)	-	-
Change in net assets	5,735,490	(62,542)	(3,752)	5,624	5,731,738	(56,918)
Net assets at beginning of year (restated)	158,749,061	173,170,364	192,116	186,492	158,941,177	173,356,856
Net assets at end of year	<u>\$ 164,484,551</u>	<u>\$ 173,107,822</u>	<u>\$ 188,364</u>	<u>\$ 192,116</u>	<u>\$ 164,672,915</u>	<u>\$ 173,299,938</u>

Expenses by Function - Governmental Activities



Governmental Activities Revenue



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 \$31,579,777, an increase of \$6,213,141 in comparison with the prior year. \$10,250,853 of the total amount 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 \$11,244,453, an increase of \$1,530,136 over the previous year.

The Road Fund is dedicated to the maintenance and construction of roads within the County and has a fund balance of \$3,025,812 a decrease of \$212,781. The fund balance includes an amount, \$193,401, for inventory which is not available to spend.

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 \$1,784,338 an increase of \$577,692.

The Health and Human Services Fund provides health service to the residents of the County and has a fund balance of \$8,846,813 as of June 30, 2015, an increase of \$4,342,139 from the prior year.

The Solid Waste Fund ended the year with fund balance of \$3,775,882, a decrease of \$31,385 from the previous year.

The remaining funds, reported as nonmajor, consist of various programs which have dedicated revenues either as fees for services or other sources. The combined fund balances of these programs are \$2,902,479 which has increased \$7,340 from the previous year.

General Fund Budgetary Highlights

A supplemental budget hearing was held in June 2015 to increase the expenditure authority in the Sheriff's Department which is reported in the General Fund. The increase of \$10,000,000 was required to disburse proceeds from an increased number of civil forfeitures executed during the year.

Overall expenditures were \$30,397,676 or 28.1% less than budgeted. This can be attributed to budgeting for grants applied for, but not received and conservative budgeting by many of the County's department heads and managers. This also includes \$1,121,770 which was budgeted for contingencies and remained unused at year end.

Capital Assets and Debt Administration

Capital assets. Yamhill County's investment in capital assets for its governmental and business-type activities as June 30, 2015 amounts to \$137,415,558 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, bridges and culverts. There was a prior period adjustment resulting in a net change of \$5,633,937 to correct a difference between the general ledger and the capital asset detail. This was primarily in accumulated depreciation.

Yamhill County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital assets not being depreciated	\$ 49,366,592	\$ 49,381,290	\$ 78,356	\$ 78,356	\$ 49,444,948	\$ 49,459,646
Building	14,459,766	12,974,151	-	-	14,459,766	12,974,151
Machinery and equipment	4,672,399	5,543,230	-	747	4,672,399	5,543,977
Infrastructure	<u>68,838,445</u>	<u>78,267,025</u>	<u>-</u>	<u>-</u>	<u>68,838,445</u>	<u>78,267,025</u>
Total	<u>\$ 137,337,202</u>	<u>\$ 146,165,696</u>	<u>\$ 78,356</u>	<u>\$ 79,103</u>	<u>\$ 137,415,558</u>	<u>\$ 146,244,799</u>

Additional information on Yamhill County's capital assets can be found in Note 4 on pages 33 and 34 of this report.

Long-term debt. Yamhill County made its first draw against the loan approved for the costs associated the Newberg-Dundee bypass in the amount of \$2,603,691. Additional long-term obligations include Oregon Economic and Community Development Department loans (\$1,014,119); landfill liability (\$3,391,747), and accumulated compensated absences (\$1,352,786).

Additional information on Yamhill County's long-term debt can be found in Note 5 on pages 35 and 36 of this report.

Economic Factors and Next Year's Budgets and Rates

Unemployment rates continue to fall. In August 2015, the unemployment rate for Yamhill County was 5.6 percent, down from 6.5 percent in the same month in 2014. This was below the state's unemployment rate of 6.1 percent and slightly above the national average of 5.1 percent.

Businesses in the county include a steel rolling mill, a large baked-goods plant, a major dental equipment manufacturer and a cooperative creamery. Unfortunately the idling of the Newberg newsprint company will impact the county's unemployment. 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 Allison Inn, located in Newberg, has become a destination place for some visitors interested in wine tourism. The county is also home 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 2014-2015 and the first quarter of 2015-2016.

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 5th Street, McMinnville, OR 97128.

BASIC FINANCIAL STATEMENTS

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YAMHILL COUNTY

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 38,496,525	\$ 92,168	\$ 38,588,693
Receivables	4,861,782	20,178	4,881,960
Inventory	193,401	-	193,401
Prepaid items	49,528	-	49,528
Net pension asset	4,548,775	-	4,548,775
Capital assets:			
Land, right-of-way, and gravel roads	49,366,592	78,356	49,444,948
Other capital assets, net	87,970,610	-	87,970,610
TOTAL ASSETS	185,487,213	190,702	185,677,915
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	1,526,840	-	1,526,840
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	1,544,904	2,044	1,546,948
Payroll and related liabilities	1,896,477	294	1,896,771
Deposits payable	38,223	-	38,223
Bond premium, net	31,500	-	31,500
Long-term obligations:			
Due within one year	2,367,337	-	2,367,337
Due in more than one year	7,420,316	-	7,420,316
TOTAL LIABILITIES	13,298,757	2,338	13,301,095
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	9,195,731	-	9,195,731
Unearned revenue	35,014	-	35,014
TOTAL DEFERRED INFLOWS OF RESOURCES	9,230,745	-	9,230,745
<u>NET POSITION</u>			
Net investment in capital assets	133,716,296	78,356	133,794,652
Restricted for:			
Highways and streets	3,044,536	-	3,044,536
Schools and education	105,279	-	105,279
Health services	12,669,379	-	12,669,379
Grants	75,270	-	75,270
Public safety	1,462,690	-	1,462,690
Capital projects	439,905	-	439,905
Other purposes	809,276	-	809,276
Unrestricted	12,161,920	110,008	12,271,928
TOTAL NET POSITION	\$ 164,484,551	\$ 188,364	\$ 164,672,915

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
General government	\$ 12,826,612	\$ 5,201,297	\$ 4,821,734	\$ (2,803,581)		\$ (2,803,581)
Public safety	19,850,299	5,104,016	3,146,424	(11,599,859)		(11,599,859)
Highways and streets	13,016,733	182,776	6,052,978	(6,780,979)		(6,780,979)
Health and sanitation	18,354,390	20,259,671	4,614,236	6,519,517		6,519,517
Parks, culture and recreation	673,637	475,720	92,329	(105,588)		(105,588)
Education	417,228	-	55,378	(361,850)		(361,850)
Interest on long-term obligations	46,667	-	-	(46,667)		(46,667)
TOTAL GOVERNMENTAL ACTIVITIES	65,185,566	31,223,480	18,783,079	(15,179,007)		(15,179,007)
Business-type activities						
Sewer	52,664	48,154	-		\$ (4,510)	(4,510)
Totals	\$ 65,238,230	\$ 31,271,634	\$ 18,783,079	(15,179,007)	(4,510)	(15,183,517)
General revenues						
Taxes				19,598,627	-	19,598,627
Franchise and miscellaneous taxes				25,788	-	25,788
Investment earnings				249,836	729	250,565
Miscellaneous				1,229,524	228	1,229,752
(Loss) on sale of capital assets				(189,477)	-	(189,477)
Transfers				199	(199)	-
TOTAL GENERAL REVENUES AND TRANSFERS				20,914,497	758	20,915,255
CHANGES IN NET POSITION				5,735,490	(3,752)	5,731,738
NET POSITION - BEGINNING				173,107,822	192,116	173,299,938
PRIOR PERIOD ADJUSTMENT				(14,358,761)	-	(14,358,761)
NET POSITION - ENDING				\$ 164,484,551	\$ 188,364	\$ 164,672,915

See accompanying notes

YAMHILL COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Road	Health and Human Services	Solid Waste	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and investments	\$ 11,642,696	\$ 2,656,783	\$ 9,031,811	\$ 3,196,060	\$ 2,879,696	\$ 3,210,002	\$ 32,617,048
Receivables	2,862,436	560,005	1,139,849	97,764	91,074	102,709	4,853,837
Inventory	-	193,401	-	-	-	-	193,401
Prepaid items	250	-	14,415	-	-	8,768	23,433
Advances to other funds	3,427	-	-	532,443	-	-	535,870
TOTAL ASSETS	<u>\$ 14,508,809</u>	<u>\$ 3,410,189</u>	<u>\$ 10,186,075</u>	<u>\$ 3,826,267</u>	<u>\$ 2,970,770</u>	<u>\$ 3,321,479</u>	<u>\$ 38,223,589</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 379,790	\$ 269,348	\$ 603,266	\$ 35,993	\$ 59,765	\$ 166,932	\$ 1,515,094
Payroll and related liabilities	902,604	104,129	689,312	14,392	19,871	156,741	1,887,049
Deposits	14,837	10,900	-	-	-	12,486	38,223
Advances from other funds	-	-	-	-	1,097,796	29,514	1,127,310
TOTAL LIABILITIES	<u>1,297,231</u>	<u>384,377</u>	<u>1,292,578</u>	<u>50,385</u>	<u>1,177,432</u>	<u>365,673</u>	<u>4,567,676</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue	1,967,125	-	46,684	-	9,000	53,327	2,076,136
<u>FUND BALANCES</u>							
Nonspendable	250	193,401	14,415	-	-	8,768	216,834
Restricted	-	2,832,411	8,832,398	3,775,882	-	2,901,077	18,341,768
Assigned	985,984	-	-	-	1,784,338	-	2,770,322
Unassigned	10,258,219	-	-	-	-	(7,366)	10,250,853
TOTAL FUND BALANCES	<u>11,244,453</u>	<u>3,025,812</u>	<u>8,846,813</u>	<u>3,775,882</u>	<u>1,784,338</u>	<u>2,902,479</u>	<u>31,579,777</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,508,809</u>	<u>\$ 3,410,189</u>	<u>\$ 10,186,075</u>	<u>\$ 3,826,267</u>	<u>\$ 2,970,770</u>	<u>\$ 3,321,479</u>	

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

Governmental activities report a net pension asset which is not reported in the fund	4,548,775
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	137,337,202
Governmental activities report as deferred outflows of resources contributions to the public employees retirement systems for the year	1,526,840
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds	2,041,122
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	\$ 6,446,292
Plus: compensated absences of the internal service fund included below	<u>19,427</u>
The bond premium is reported in the statement of net position but is not reported in the funds	(31,500)
The net post-employment benefits obligation is reported in the statement of net position but is not reported in the funds	(1,425,310)
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	(8,362,343)
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	<u>(9,195,731)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 164,484,551**

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	General	Road	Health and Human Services	Solid Waste	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 18,792,550	\$ -	\$ -	\$ -	\$ -	\$ 329,416	\$ 19,121,966
Miscellaneous taxes	17,201	-	-	-	-	8,587	25,788
Licenses, permits and fees	985,335	54,871	278,853	-	-	251,523	1,570,582
Intergovernmental	4,409,264	6,082,981	5,268,944	-	292,636	3,292,253	19,346,078
Charges for services	7,511,313	127,905	18,860,949	1,090,868	501,354	1,071,559	29,163,948
Fines and forfeitures	322,957	-	29,001	-	-	20,580	372,538
Interest	81,127	19,195	44,228	23,741	18,489	23,991	210,771
Other	413,032	63,376	119,777	3,165	3,881	128,354	731,585
TOTAL REVENUES	32,532,779	6,348,328	24,601,752	1,117,774	816,360	5,126,263	70,543,256
EXPENDITURES							
Current							
General government	8,651,215	-	-	-	1,198,954	267,678	10,117,847
Public safety	18,600,873	-	-	-	32,782	3,624,994	22,258,649
Parks, culture, and recreation	198,056	-	-	-	-	471,779	669,835
Highways and streets	-	3,888,763	-	-	-	150	3,888,913
Health and welfare	57,499	-	19,445,917	496,186	-	-	19,999,602
Education	-	-	-	-	-	64,014	64,014
Capital outlay	634,783	2,425,128	553,430	-	657,227	403,612	4,674,180
Debt service	-	-	-	-	103,101	-	103,101
TOTAL EXPENDITURES	28,142,426	6,313,891	19,999,347	496,186	1,992,064	4,832,227	61,776,141
Excess (deficiency) of revenues over expenditures	4,390,353	34,437	4,602,405	621,588	(1,175,704)	294,036	8,767,115
OTHER FINANCING SOURCES (USES)							
Transfers in	2,023,393	523,308	1,792,541	3,084	1,895,720	660,092	6,898,138
Transfers out	(4,883,610)	(770,526)	(2,052,807)	(656,057)	(142,324)	(946,788)	(9,452,112)
TOTAL OTHER FINANCING SOURCES (USES)	(2,860,217)	(247,218)	(260,266)	(652,973)	1,753,396	(286,696)	(2,553,974)
Net change in fund balances	1,530,136	(212,781)	4,342,139	(31,385)	577,692	7,340	6,213,141
Fund balances at beginning of year	9,714,317	3,238,593	4,504,674	3,807,267	1,206,646	2,895,139	25,366,636
Fund balances at end of year	<u>\$ 11,244,453</u>	<u>\$ 3,025,812</u>	<u>\$ 8,846,813</u>	<u>\$ 3,775,882</u>	<u>\$ 1,784,338</u>	<u>\$ 2,902,479</u>	<u>\$ 31,579,777</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, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 6,213,141

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	\$ 5,089,011	
Depreciation	<u>(8,094,091)</u>	(3,005,080)

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (189,477)

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	336,272	
Charges for services	(1,589)	
Other	<u>(371,592)</u>	(36,909)

The change in net other post-employment benefits is reported as additional expenses in the statement of activities (161,396)

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		(2,603,691)
Amortization of bond premium		2,250
Principal payments		54,184

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	10,822	
Change in net pension asset or liability	14,789,617	
Change in deferred inflows of resources	<u>(9,195,731)</u>	5,604,708

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		(17,774)
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Net income of internal service funds after eliminating transfers and income reported above (124,466)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,735,490

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, 2015**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 18,290,316	\$ 18,290,316	\$ 18,792,550	\$ 502,234
Miscellaneous taxes	15,000	15,000	17,201	2,201
Licenses and permits	671,550	671,550	985,335	313,785
Intergovernmental	6,573,977	6,573,977	4,384,368	(2,189,609)
Charges for services	5,088,699	15,088,699	8,988,938	(6,099,761)
Fines and forfeitures	196,849	196,849	201,635	4,786
Interest earnings	38,248	38,248	71,860	33,612
Other	318,571	318,571	413,032	94,461
TOTAL REVENUES	<u>31,193,210</u>	<u>41,193,210</u>	<u>33,854,919</u>	<u>(7,338,291)</u>
EXPENDITURES				
Administrative Services				
Personnel services	980,171	980,171	953,691	26,480
Materials and services	486,383	486,383	78,393	407,990
Total Administrative Services	<u>1,466,554</u>	<u>1,466,554</u>	<u>1,032,084</u>	<u>434,470</u>
Assessor				
Personnel services	1,537,581	1,537,581	1,270,988	266,593
Materials and services	237,136	237,136	212,614	24,522
Total Assessor	<u>1,774,717</u>	<u>1,774,717</u>	<u>1,483,602</u>	<u>291,115</u>
Board of Commissioners				
Personnel services	434,995	434,995	407,416	27,579
Materials and services	68,524	68,524	54,843	13,681
Total Board of Commissioners	<u>503,519</u>	<u>503,519</u>	<u>462,259</u>	<u>41,260</u>
Clerk				
Personnel services	499,519	499,519	427,350	72,169
Materials and services	301,343	301,343	316,526	(15,183)
Capital outlay	3,500	3,500	-	3,500
Total Clerk	<u>804,362</u>	<u>804,362</u>	<u>743,876</u>	<u>60,486</u>
Information Systems				
Personnel services	973,267	973,267	899,513	73,754
Materials and services	321,463	321,463	262,549	58,914
Capital outlay	115,290	115,290	92,880	22,410
Total Information Systems	<u>1,410,020</u>	<u>1,410,020</u>	<u>1,254,942</u>	<u>155,078</u>

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
District Attorney				
Personnel services	\$ 1,804,551	\$ 1,804,551	\$ 1,763,598	\$ 40,953
Materials and services	315,350	315,350	267,673	47,677
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total District Attorney	<u>2,134,901</u>	<u>2,134,901</u>	<u>2,031,271</u>	<u>103,630</u>
Planning				
Personnel services	1,096,649	1,096,649	950,547	146,102
Materials and services	<u>376,283</u>	<u>376,283</u>	<u>398,487</u>	<u>(22,204)</u>
Total Planning	<u>1,472,932</u>	<u>1,472,932</u>	<u>1,349,034</u>	<u>123,898</u>
Surveyor				
Personnel services	56,419	56,419	53,471	2,948
Materials and services	<u>6,280</u>	<u>6,280</u>	<u>7,739</u>	<u>(1,459)</u>
Total Surveyor	<u>62,699</u>	<u>62,699</u>	<u>61,210</u>	<u>1,489</u>
Support Enforcement				
Personnel services	412,876	412,876	412,951	(75)
Materials and services	<u>38,646</u>	<u>38,646</u>	<u>27,713</u>	<u>10,933</u>
Total Support Enforcement	<u>451,522</u>	<u>451,522</u>	<u>440,664</u>	<u>10,858</u>
Treasurer				
Personnel services	27,359	27,359	27,365	(6)
Materials and services	<u>5,009</u>	<u>5,009</u>	<u>2,304</u>	<u>2,705</u>
Total Treasurer	<u>32,368</u>	<u>32,368</u>	<u>29,669</u>	<u>2,699</u>
County Counsel				
Personnel services	377,120	377,120	360,649	16,471
Materials and services	<u>48,232</u>	<u>48,232</u>	<u>31,213</u>	<u>17,019</u>
Total County Counsel	<u>425,352</u>	<u>425,352</u>	<u>391,862</u>	<u>33,490</u>
Transportation				
Personnel services	93,204	93,204	48,133	45,071
Materials and services	2,168,627	2,168,627	2,002,898	165,729
Capital outlay	<u>350,000</u>	<u>350,000</u>	<u>152,029</u>	<u>197,971</u>
Total Transportation	<u>2,611,831</u>	<u>2,611,831</u>	<u>2,203,060</u>	<u>408,771</u>

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Non-departmental				
Materials and services	\$ 762,262	\$ 762,262	\$ 610,779	\$ 151,483
Emergency Management				
Personnel services	166,530	166,530	147,025	19,505
Materials and services	266,302	266,302	55,776	210,526
Total Emergency Management	432,832	432,832	202,801	230,031
Jail				
Personnel services	3,864,652	3,864,652	3,609,102	255,550
Materials and services	892,355	892,355	808,926	83,429
Total Jail	4,757,007	4,757,007	4,418,028	338,979
Marine				
Personnel services	79,997	79,997	61,435	18,562
Materials and services	45,108	45,108	27,897	17,211
Total Marine	125,105	125,105	89,332	35,773
Sheriff				
Personnel services	4,892,742	4,892,742	4,577,149	315,593
Materials and services	1,228,705	11,228,705	4,601,795	6,626,910
Capital outlay	-	-	8,599	(8,599)
Total Sheriff	6,121,447	16,121,447	9,187,543	6,933,904
911/Dispatch Services				
Materials and services	621,739	621,739	613,080	8,659
Mediation Services				
Materials and services	97,324	97,324	97,943	(619)
Narcotics Investigation				
Personnel services	23,042	23,042	13,053	9,989
Materials and services	65,672	65,672	30,044	35,628
Capital outlay	20,000	20,000	8,646	11,354
Total Narcotics Investigation	108,714	108,714	51,743	56,971

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Juvenile Department				
Personnel services	\$ 1,303,515	\$ 1,303,515	\$ 1,187,273	\$ 116,242
Materials and services	157,417	157,417	164,009	(6,592)
Total Juvenile Department	1,460,932	1,460,932	1,351,282	109,650
Juvenile Detention				
Personnel services	1,415,281	1,415,281	1,280,282	134,999
Materials and services	210,953	210,953	173,508	37,445
Capital outlay	10,000	10,000	-	10,000
Total Juvenile Detention	1,636,234	1,636,234	1,453,790	182,444
Parks				
Personnel services	142,591	142,591	126,330	16,261
Materials and services	1,502,874	1,502,874	103,216	1,399,658
Capital outlay	5,500	5,500	372,629	(367,129)
Total Parks	1,650,965	1,650,965	602,175	1,048,790
Courthouse Security				
Personnel services	243,809	243,809	228,985	14,824
Materials and services	7,305	7,305	6,662	643
Total Courthouse Security	251,114	251,114	235,647	15,467
Contingency	1,121,770	1,121,770	-	1,121,770
TOTAL EXPENDITURES	32,298,222	42,298,222	30,397,676	11,900,546
Excess (deficiency) of revenues over expenditures	(1,105,012)	(1,105,012)	3,457,243	4,562,255
OTHER FINANCING SOURCES (USES)				
Transfers in	121,480	121,480	135,054	13,574
Transfers out	(2,546,144)	(2,546,144)	(2,546,144)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,424,664)	(2,424,664)	(2,411,090)	13,574
Net change in fund balance	(3,529,676)	(3,529,676)	1,046,153	4,575,829
Fund balance at beginning of year	6,357,389	6,357,389	8,547,616	2,190,227
Fund balance at end of year	<u>\$ 2,827,713</u>	<u>\$ 2,827,713</u>	<u>\$ 9,593,769</u>	<u>\$ 6,766,056</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Licenses and permits	\$ 50,500	\$ 54,871	\$ 4,371
Intergovernmental	6,246,409	6,082,981	(163,428)
Charges for services	658,739	651,213	(7,526)
Interest earnings	10,000	19,195	9,195
Other	<u>39,650</u>	<u>63,376</u>	<u>23,726</u>
TOTAL REVENUES	<u>7,005,298</u>	<u>6,871,636</u>	<u>(133,662)</u>
EXPENDITURES			
Motor Vehicle			
Personnel services	581,344	554,950	26,394
Materials and services	<u>1,057,920</u>	<u>769,281</u>	<u>288,639</u>
Total Motor Vehicle	<u>1,639,264</u>	<u>1,324,231</u>	<u>315,033</u>
Engineering			
Personnel services	179,727	188,060	(8,333)
Materials and services	<u>39,459</u>	<u>39,825</u>	<u>(366)</u>
Total Engineering	<u>219,186</u>	<u>227,885</u>	<u>(8,699)</u>
Road			
Personnel services	1,777,748	1,551,120	226,628
Materials and services	2,223,595	1,556,053	667,542
Capital outlay	<u>2,299,088</u>	<u>2,425,128</u>	<u>(126,040)</u>
Total Road	<u>6,300,431</u>	<u>5,532,301</u>	<u>768,130</u>
Contingency	<u>622,501</u>	<u>-</u>	<u>622,501</u>
TOTAL EXPENDITURES	<u>8,781,382</u>	<u>7,084,417</u>	<u>1,696,965</u>
Net change in fund balance	(1,776,084)	(212,781)	1,563,303
Fund balance at beginning of year	<u>2,051,084</u>	<u>3,238,593</u>	<u>1,187,509</u>
Fund balance at end of year	<u>\$ 275,000</u>	<u>\$ 3,025,812</u>	<u>\$ 2,750,812</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Licenses and permits	\$ 278,546	\$ 278,853	\$ 307
Intergovernmental	8,468,760	5,268,944	(3,199,816)
Charges for services	16,910,240	19,065,635	2,155,395
Fines and penalties	42,660	29,001	(13,659)
Interest earnings	20,130	44,228	24,098
Other	<u>89,785</u>	<u>119,777</u>	<u>29,992</u>
TOTAL REVENUES	<u>25,810,121</u>	<u>24,806,438</u>	<u>(1,003,683)</u>
EXPENDITURES			
Community Health			
Personnel services	1,861,714	1,595,269	266,445
Materials and services	1,039,894	1,125,928	(86,034)
Capital outlay	<u>1,419</u>	<u>1,959</u>	<u>(540)</u>
Total Community Health	<u>2,903,027</u>	<u>2,723,156</u>	<u>179,871</u>
Developmentally Disabled			
Personnel services	1,029,480	979,670	49,810
Materials and services	1,662,908	806,185	856,723
Capital outlay	<u>798</u>	<u>1,104</u>	<u>(306)</u>
Total Developmentally Disabled	<u>2,693,186</u>	<u>1,786,959</u>	<u>906,227</u>
Abacus			
Personnel services	2,158,955	1,904,726	254,229
Materials and services	590,675	675,819	(85,144)
Capital outlay	<u>1,890</u>	<u>15,235</u>	<u>(13,345)</u>
Total Abacus	<u>2,751,520</u>	<u>2,595,780</u>	<u>155,740</u>

Continued on next page

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

	Original and Final Budget	Actual	Variance
EXPENDITURES (Continued)			
Family and Youth			
Personnel services	\$ 3,767,379	\$ 3,359,571	\$ 407,808
Materials and services	831,159	865,087	(33,928)
Capital outlay	<u>25,001</u>	<u>26,464</u>	<u>(1,463)</u>
Total Family and Youth	<u>4,623,539</u>	<u>4,251,122</u>	<u>372,417</u>
HHS Central Services			
Personnel services	60,160	76,551	(16,391)
Materials and services	6,102,062	1,635,859	4,466,203
Capital outlay	<u>730,053</u>	<u>326,570</u>	<u>403,483</u>
Total HHS Central Services	<u>6,892,275</u>	<u>2,038,980</u>	<u>4,853,295</u>
Enhanced Care Facility			
Personnel services	1,470,121	1,439,135	30,986
Materials and services	196,963	256,098	(59,135)
Capital outlay	<u>25,174</u>	<u>23,942</u>	<u>1,232</u>
Total Enhanced Care Facility	<u>1,692,258</u>	<u>1,719,175</u>	<u>(26,917)</u>
Adult Behavioral Health			
Personnel services	5,397,028	5,028,013	369,015
Materials and services	1,730,572	1,750,813	(20,241)
Capital outlay	<u>48,165</u>	<u>158,156</u>	<u>(109,991)</u>
Total Adult Behavioral Health	<u>7,175,765</u>	<u>6,936,982</u>	<u>238,783</u>
Contingency	<u>750,000</u>	<u>-</u>	<u>750,000</u>
TOTAL EXPENDITURES	<u>29,481,570</u>	<u>22,052,154</u>	<u>7,429,416</u>
Excess (deficiency) of revenues over expenditures	(3,671,449)	2,754,284	6,425,733
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,587,855</u>	<u>1,587,855</u>	<u>-</u>
Net change in fund balance	(2,083,594)	4,342,139	6,425,733
Fund balance at beginning of year	<u>3,518,219</u>	<u>4,504,674</u>	<u>986,455</u>
Fund balance at end of year	<u>\$ 1,434,625</u>	<u>\$ 8,846,813</u>	<u>\$ 7,412,188</u>

See accompanying notes

YAMHILL COUNTY

SOLID WASTE FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,141,954	\$ 1,090,868	\$ (51,086)
Interest earnings	23,084	26,825	3,741
Other	<u>2,700</u>	<u>3,165</u>	<u>465</u>
TOTAL REVENUES	<u>1,167,738</u>	<u>1,120,858</u>	<u>(46,880)</u>
EXPENDITURES			
Personnel services	282,549	315,464	(32,915)
Materials and services	1,334,092	301,303	1,032,789
Contingency	<u>2,189,704</u>	<u>-</u>	<u>2,189,704</u>
TOTAL EXPENDITURES	<u>3,806,345</u>	<u>616,767</u>	<u>3,189,578</u>
Excess (deficiency) of revenues over expenditures	<u>(2,638,607)</u>	<u>504,091</u>	<u>3,142,698</u>
OTHER FINANCING SOURCES (USES)			
Repayments on interfund loans	84,441	84,441	-
Transfers out	<u>(535,476)</u>	<u>(535,476)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(451,035)</u>	<u>(451,035)</u>	<u>-</u>
Net change in fund balance	(3,089,642)	53,056	3,142,698
Fund balance at beginning of year	<u>3,089,642</u>	<u>3,190,383</u>	<u>100,741</u>
Fund balance at end of year	<u>\$ -</u>	\$ 3,243,439	<u>\$ 3,243,439</u>
Reconciliation to generally accepted accounting principles			
Advances to other funds		<u>532,443</u>	
Fund balance at end of year		<u>\$ 3,775,882</u>	

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2015**

	Business-type Activities <u>Cove Orchard Sewer</u>	Governmental Activities <u>Internal Service Funds</u>
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 92,168	\$ 5,879,477
Receivables	20,178	7,945
Prepaid items	-	26,095
Due from other funds	<u>-</u>	<u>591,440</u>
Total current assets	112,346	6,504,957
Capital assets		
Land	<u>78,356</u>	<u>-</u>
TOTAL ASSETS	<u>190,702</u>	<u>6,504,957</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liabilities	2,044	29,810
Payroll and related liabilities	294	9,428
Compensated absences payable	<u>-</u>	<u>19,427</u>
TOTAL LIABILITIES	<u>2,338</u>	<u>58,665</u>
<u>NET POSITION</u>		
Net investment in capital assets	78,356	-
Unrestricted	<u>110,008</u>	<u>6,446,292</u>
TOTAL NET POSITION	<u>\$ 188,364</u>	<u>\$ 6,446,292</u>

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	Business-type Activities <u>Cove Orchard Sewer</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for services	\$ 48,154	\$ 66,961
Other	<u>228</u>	<u>497,939</u>
TOTAL OPERATING REVENUES	<u>48,382</u>	<u>564,900</u>
OPERATING EXPENSES		
Personnel services	6,101	287,318
Materials and services	45,816	1,681,660
Depreciation	<u>747</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>52,664</u>	<u>1,968,978</u>
Operating (loss)	(4,282)	(1,404,078)
NONOPERATING REVENUES		
Investment earnings	<u>729</u>	<u>39,087</u>
(Loss) before transfers	(3,553)	(1,364,991)
Transfers in	-	2,715,687
Transfers out	<u>(199)</u>	<u>(1,475,162)</u>
Change in net position	(3,752)	(124,466)
Net position - beginning	<u>192,116</u>	<u>6,570,758</u>
Net position - ending	<u>\$ 188,364</u>	<u>\$ 6,446,292</u>

See accompanying notes

YAMHILL COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	<u>Business-type Activities Cove Orchard Sewer</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 46,989	\$ -
Receipts from interfund services provided	-	92,377
Other receipts	228	499,361
Payments to suppliers of goods or services	(44,061)	(1,851,960)
Payments to employees for services	<u>(6,403)</u>	<u>(282,481)</u>
Net cash (used in) operating activities	<u>(3,247)</u>	<u>(1,542,703)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayments of advances to other funds	-	91,224
Transfers in	-	2,715,687
Transfers out	<u>(199)</u>	<u>(161,514)</u>
Net cash provided by (used in) operating activities	<u>(199)</u>	<u>2,645,397</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>-</u>	<u>(1,313,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>729</u>	<u>39,087</u>
Net (decrease) in cash and cash equivalents	(2,717)	(171,867)
Cash and cash equivalents - beginning of year	<u>94,885</u>	<u>6,051,344</u>
Cash and cash equivalents - end of year	<u>\$ 92,168</u>	<u>\$ 5,879,477</u>
Reconciliation of operating (loss) to net cash (used in) operating activities		
Operating (loss)	\$ (4,282)	\$ (1,404,078)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities		
Depreciation	747	-
(Increase) decrease in assets:		
Receivables	(1,165)	26,838
Prepaid items	-	(26,095)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	1,755	(144,205)
Payroll and related liabilities	(302)	1,741
Compensated absences payable	<u>-</u>	<u>3,096</u>
Net cash provided by (used in) operating activities	<u>\$ (3,247)</u>	<u>\$ (1,542,703)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Transfers out	<u>\$ -</u>	<u>\$ (1,313,648)</u>

See accompanying notes

YAMHILL COUNTY

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,952,954
Property taxes receivable	<u>9,051,576</u>
 TOTAL ASSETS	 <u>\$ 11,004,530</u>
<u>LIABILITIES</u>	
Intergovernmental payables	\$ 10,970,829
Amounts held in trust	<u>33,701</u>
 TOTAL LIABILITIES	 <u>\$ 11,004,530</u>

See accompanying notes

YAMHILL COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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 board 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. The County provides a full range of services to the community which includes planning and zoning, sheriff services, 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 funds:

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 Yamhill 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)

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

Solid Waste - accounts for revenues and expenditures associated with solid waste programs, funding is primarily from user fees and contracts.

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)

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

The County reports the following major proprietary funds:

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. Budget policies and budgetary control (continued)

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.

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 in governmental funds are reported in 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 revenue. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue. All property taxes receivable are due from property owners within the County.

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 within the County and become a lien against the property as of July 1 of each year.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

H. Grants and entitlements

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

I. Other receivables

In governmental fund types, the portion of the receivable which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as unavailable revenue. Revenues are recorded when earned in proprietary fund types.

J. Inventories

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

K. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. 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 closure landfill permits from the Oregon Department of Environmental Quality. 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, 2011 to 2016. The County accounts for the costs of maintaining the closed landfills in the Solid Waste Fund.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

N. Equity

i. 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.

ii. Governmental fund type fund balance reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) requires governmental type fund balance amounts 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

N. Equity (continued)

ii. Governmental fund type fund balance reporting (continued)

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.

O. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time. There is no liability for unpaid accumulated sick leave, as sick pay 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 pay. "Flexible time off" earned vests over 14 years. All vacation 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, for example, as the result of employee resignation and retirements.

P. 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.

Q. Adoption of new GASB pronouncement

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the County are detailed below.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Q. Adoption of new GASB pronouncement (continued)

Net pension liability – Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan’s fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

Statement No. 68 is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2014:

	As Originally <u>Reported</u>	As <u>Restated</u>	Effect of <u>Change</u>
Statement of Net Position			
Deferred outflow of resources:			
Payments made to OPERS since the measurement date	\$ --	\$ 1,516,018	\$ 1,516,018
Noncurrent liabilities: net pension liability	--	(10,240,842)	(10,240,842)
Net Position	173,299,938	164,575,114	(8,724,824)

2. Revised financial statements

The financial statements have been revised to correct an error in the application of generally accepted accounting principals related to the presentation of major governmental funds in the basic financial statements. The major governmental funds are the General, Road, Health and Human Services, Solid Waste and Capital Improvement funds. The previously issued financial statements did not report the Road and Solid Waste funds as major funds. Therefore, the financial statements have been revised to correct this error. Additionally, as a result the basic financial statements include budgetary comparisons for the Road and Solid Waste funds which previously were not included in the basic financial statements.

3. Deposits and investments

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Deposits and investments (continued)

Investments, including amounts held in pooled cash and investments, are stated at amortized cost. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase 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 in a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

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.

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.

As of June 30, 2015, the County had the following investments:

Investment Type	Rating	Fair Value	Risk Concentration	Weighted Average Maturity (in Months)
LGIP	N/A	<u>\$ 26,725,132</u>	74.71%	N/A
US Agencies	AAA/AA+	7,521,000		56.96
	Unrated/AA+	<u>450,000</u>		56.79
		<u>7,971,000</u>	22.28%	
Corporate Bonds	A1/AA-	200,000		19.07
	A2/AA+	175,000		31.10
	A2/A+	250,000		34.12
	AA1/AA+	<u>200,000</u>		45.76
		<u>825,000</u>	2.31%	
Municipal	AA3	<u>250,000</u>	0.70%	60.06
Total Investments		<u>\$ 35,771,132</u>		

Interest Rate Risk. The County's formal policy limits investment maturities to 18 months as a means of managing its exposure to fair-value losses arising from increases in interest rates.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Deposits and investments (continued)

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

U.S. Treasury Bills, Notes and Bonds	50%
Federal Agency Bonds and Discount Notes	25%
Local Government Investment Pool	100%
Time Certificates of Deposit	
Banker's Acceptance	25%
Repurchase Agreements	25%

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.

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 County'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, 2015, \$4,507,127 of the County's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the County's name.

A. The County's deposits and investments at June 30, 2015 are as follows:

Total investments	\$ 35,771,132
Cash on hand	10,873
Cash with fiscal agent	76,026
Deposits with financial institutions	<u>4,683,616</u>
Total deposits and investments	<u>\$ 40,541,647</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Deposits and investments (continued)

B. Cash and investments by fund:

<u>Governmental activities/funds</u>	
General	\$ 11,642,696
Road	2,656,783
Health and Human Services	9,031,811
Solid Waste	3,196,060
Capital Improvement	2,879,696
Nonmajor	<u>3,210,002</u>
Total governmental funds	32,617,048
Internal Service funds	<u>5,879,477</u>
Total governmental activities	38,496,525
<u>Business-type activities/Proprietary fund</u>	
Cove Orchard Sewer	92,168
<u>Fiduciary fund</u>	
Agency	<u>1,952,954</u>
Total cash and investments	<u>\$ 40,541,647</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Receivables

A. The County's receivables at June 30, 2015 are as follows:

	General	Road	Health and Human Services	Solid Waste	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 1,846,944	\$ -	\$ -	\$ -	\$ -	\$ 31,938	\$ 1,878,882
Grants	644,592	-	338,071	-	-	37,476	1,020,139
Accounts	<u>370,900</u>	<u>560,005</u>	<u>801,778</u>	<u>97,764</u>	<u>91,074</u>	<u>33,295</u>	<u>1,954,816</u>
	<u>\$ 2,862,436</u>	<u>\$ 560,005</u>	<u>\$ 1,139,849</u>	<u>\$ 97,764</u>	<u>\$ 91,074</u>	<u>\$ 102,709</u>	<u>\$ 4,853,837</u>

	Internal Service Funds	Total Governmental Activities	Proprietary Fund Cove Orchard Sewer	Fiduciary Fund Agency	Totals
Property taxes	\$ -	\$ 1,878,882	\$ -	\$ 9,051,576	\$ 10,930,458
Grants	-	1,020,139	-	-	1,020,139
Accounts	<u>7,945</u>	<u>1,962,761</u>	<u>20,178</u>	<u>-</u>	<u>1,990,884</u>
	<u>\$ 7,945</u>	<u>\$ 4,861,782</u>	<u>\$ 20,178</u>	<u>\$ 9,051,576</u>	<u>\$ 13,941,481</u>

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Receivables (continued)

B. Property taxes (continued)

ii. Transactions

	Balance July 1, 2014	2014-15 Levy	Adjustments	Interest (Discounts)	Collections	Balance June 30, 2015
2014-15	\$ -	\$ 112,957,576	\$ (286,697)	\$ (2,807,898)	\$ (105,262,779)	\$ 4,600,202
2013-14	4,491,516	-	(86,320)	153,501	(1,989,964)	2,568,733
2012-13	2,551,321	-	17,567	175,402	(1,025,519)	1,718,771
2011-12	1,414,888	-	9,631	224,345	(920,433)	728,431
2010-11	794,147	-	4,844	126,251	(443,865)	481,377
2009-10	478,065	-	6,030	19,838	(53,663)	450,270
2008-09	114,304	-	(3,290)	12,344	(31,184)	92,174
Prior	327,854	-	(4,764)	31,820	(64,410)	290,500
	<u>\$ 10,172,095</u>	<u>\$ 112,957,576</u>	<u>\$ (342,999)</u>	<u>\$ (2,064,397)</u>	<u>\$ (109,791,817)</u>	<u>\$ 10,930,458</u>

iii. Ensuing year's levies

The County's permanent tax rate is \$2.5775 per \$1,000 of assessed value as limited by the Constitution of the State of Oregon.

The Yamhill County Extension Service District's permanent tax rate is \$.0449 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect these levies.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2015 was as follows:

	Balances July 1, 2014	Prior Period Adjustment	Additions	Deletions	Balances June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 2,649,034	\$ (65,519)	\$ -	\$ -	\$ 2,583,515
Right of way	27,583,456	50,821	-	-	27,634,277
Gravel roads	19,148,800	-	-	-	19,148,800
Total capital assets, not being depreciated	<u>49,381,290</u>	<u>(14,698)</u>	<u>-</u>	<u>-</u>	<u>49,366,592</u>
Capital assets being depreciated:					
Buildings	19,832,981	1,352,440	807,507	-	21,992,928
Machinery and equipment	18,295,999	(1,967,985)	2,429,950	1,455,858	17,302,106
Infrastructure	362,671,852	(58,124)	1,851,554	-	364,465,282
Total capital assets being depreciated	<u>400,800,832</u>	<u>(673,669)</u>	<u>5,089,011</u>	<u>1,455,858</u>	<u>403,760,316</u>
Less accumulated depreciation for:					
Buildings	6,858,830	120,382	553,950	-	7,533,162
Machinery and equipment	12,752,769	(197,811)	1,341,130	1,266,381	12,629,707
Infrastructure	284,404,827	5,022,999	6,199,011	-	295,626,837
Total accumulated depreciation	<u>304,016,426</u>	<u>4,945,570</u>	<u>8,094,091</u>	<u>1,266,381</u>	<u>315,789,706</u>
Total capital assets being depreciated, net	<u>96,784,406</u>	<u>(5,619,239)</u>	<u>(3,005,080)</u>	<u>189,477</u>	<u>87,970,610</u>
Governmental activities capital assets, net	<u>\$ 146,165,696</u>	<u>\$ (5,633,937)</u>	<u>\$ (3,005,080)</u>	<u>\$ 189,477</u>	<u>\$ 137,337,202</u>

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

General government	\$ 1,652,312
Public safety	67,826
Highways and streets	6,279,492
Health and sanitation	72,340
Parks, culture and recreation	22,121
Total depreciation expense- governmental activities	<u>\$ 8,094,091</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets (continued)

C. Capital asset activity for the business-type activities for the year ended June 30, 2015 was as follows:

	Balances <u>June 30, 2014</u>	<u>Additions</u>	Balances <u>June 30, 2015</u>
Capital assets, not being depreciated			
Land	\$ 78,356	\$ -	\$ 78,356
Capital assets, being depreciated			
Buildings and equipment	963,173	-	963,173
Less accumulated depreciation for:			
Buildings and equipment	<u>(962,426)</u>	<u>(747)</u>	<u>(963,173)</u>
Total capital assets, being depreciated, net	<u>747</u>	<u>(747)</u>	<u>-</u>
Total capital assets	<u>\$ 79,103</u>	<u>\$ (747)</u>	<u>\$ 78,356</u>

D. Depreciation expense charged to the sewer business-type activity amounted to \$747 for the year ended June 30, 2015.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations

A. Changes in long-term obligations for the year ended June 30, 2015 were as follows:

	Outstanding July 1, 2014	Additions	Reductions	Outstanding June 30, 2015	Balances Due Within One Year
<u>Governmental activities</u>					
Long-term debt obligations					
Loans					
Oregon Economic and Community Development Department 2009	\$ 1,068,303	\$ -	\$ 54,184	\$ 1,014,119	\$ 54,551
Oregon Department of Transportation	-	2,603,691	-	2,603,691	-
Total long-term debt obligations	1,068,303	2,603,691	54,184	3,617,810	
Other long-term obligations					
Compensated absences	1,331,916	1,352,786	1,331,916	1,352,786	1,352,786
Landfill liability	3,391,747	-	-	3,391,747	960,000
Net other post employment benefits	1,263,914	161,396	-	1,425,310	-
Total long-term obligations	<u>\$ 7,055,880</u>	<u>\$ 4,117,873</u>	<u>\$ 1,386,100</u>	<u>\$ 9,787,653</u>	<u>\$ 2,367,337</u>

B. Government activities long-term debt obligations

Oregon Economic and Community Development Department 2009 – The County borrowed \$1,305,000 to pay the principal of an interim financing loan previously obtained from the state. Interest varies from 3 – 5.25% with principle amounts starting at \$42,846.

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, 2015, \$2,603,691 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 2015-16 fiscal year. However, future costs paid are subject to change due to inflation, deflation, changes in technology or changes to applicable laws or regulations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations (continued)

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

Fiscal Year	Loan OECD	
	Principal	Interest
2016	\$ 54,551	\$ 46,749
2017	54,933	44,567
2018	60,331	42,370
2019	60,744	39,957
2020	61,201	37,375
2021-25	364,037	141,941
2026-30	<u>358,322</u>	<u>44,819</u>
	<u>\$ 1,014,119</u>	<u>\$ 397,778</u>

The future maturities of the ODOT loan will be determined once the full amount of the loan as been disbursed.

7. 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 22, 2014 the Yamhill County Hospital Authority (Authority) issued variable rate demand series 2014 bonds in the amount of \$20,565,000. 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 amount at June 30, 2015 is \$20,565,000. The Authority has no taxing power.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Conduit debt (continued)

In July 2012, the County issued tax-exempt series 2012A and 2012B bonds in the combined amount of \$23,515,000. 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 and series 2012B issues at June 30, 2015 are \$19,510,000 and \$4,005,000 respectively. George Fox University has no taxing power.

8. 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	\$ 2,023,393	\$ 4,883,610
Road	523,308	770,526
Health and Human Services	1,792,541	2,052,807
Solid Waste	3,084	656,057
Capital Improvement	1,895,720	142,324
Nonmajor funds	660,092	946,788
Governmental activities - non-cash	1,313,648	-
Cove Orchard Sewer	-	199
Internal Service funds	2,715,687	161,514
Internal Service funds - non-cash	-	1,313,648
	<u>\$ 10,927,473</u>	<u>\$ 10,927,473</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)

8. Interfund balances and transfers (continued)

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

Advances to other funds	Capital		Totals
	Improvement	Nonmajor funds	
General	\$ -	\$ 3,427	\$ 3,427
Solid Waste	532,443	-	532,443
Internal Service	565,353	26,087	591,440
Total	<u>\$ 1,097,796</u>	<u>\$ 29,514</u>	<u>\$ 1,127,310</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, 2015 is \$532,443.

The Self-Insurance Fund (Internal Service) has outstanding advances totaling \$591,440 as follows:

- Capital Improvement Fund
 - Acquire real property; remaining balance \$465,335
 - Purchase a chiller; remaining balance \$100,018
- Fair Fund
 - Remaining balance \$26,087

9. Unavailable revenue

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

	General	Health and		Nonmajor	Totals
		Human Services	Capital Improvement		
Property taxes	\$ 1,728,452	\$ -	\$ -	\$ 27,313	\$ 1,755,765
Grants	238,673	46,684	-	-	285,357
Unearned revenues	-	-	9,000	26,014	35,014
Total	<u>\$ 1,967,125</u>	<u>\$ 46,684</u>	<u>\$ 9,000</u>	<u>\$ 53,327</u>	<u>\$ 2,076,136</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan

A. Plan description

Employees of the County are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report which can be found at: www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Description of benefit terms

Plan benefits

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

1. **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 (2.0 percent for police and fire employees, 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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

1. Tier One/Tier Two Retirement Benefit (continued)

Death benefits

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

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

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) 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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)

Pension benefits

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

2. Oregon Public Service Retirement Plan (continued)

Pension benefits (continued)

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:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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.

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013.

Tier 1/tier 2 employer contribution rates are 9.45 percent and the OPSRP employer contribution rates are 3.05 percent for general service employees and 5.78 percent for public safety employees. Employer contributions for the year ended June 30, 2015 were \$1,526,840, excluding amounts to fund employer specific liabilities.

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2015, the County reported an asset of \$4,548,775 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

1. 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 1/Tier 2 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

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

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 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 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 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, 2014, the County's proportion was 0.20067701 percent, which was the same as its proportion measured as of June 30, 2013.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

For the year ended June 30, 2015, the County recognized pension expense of \$(5,604,708). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 8,777,294
Changes in proportion and difference between the County's contributions and proportionate share of contributions	--	418,437
The County's contributions subsequent to the measurement date	<u>1,526,840</u>	<u>--</u>
	<u>\$ 1,526,840</u>	<u>\$ 9,195,731</u>

\$1,526,840 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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,	
2016	\$ 2,285,288
2017	2,285,288
2018	2,285,288
2019	2,285,288
2020	<u>54,577</u>
	<u>\$ 9,195,731</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

E. Actuarial valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment rate of return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the defined benefit pension plan. 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 for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion date projection

GASB 67 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 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) 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% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Depletion date projection (continued)

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.

Assumed asset allocation:

<u>Asset Class / Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

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 2013 the OPERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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 a forward-looking capital market economic model.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Long-term expected rate of return (continued)

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds / Absolute Return	5.00%	6.10%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed Inflation - Mean		2.75%

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the County’s proportionate share of the net pension asset (liability) calculated using the discount rate of 7.75 percent, as well as what the County’s proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
The County’s proportionate share of net pension asset or liability	\$ (9,632,663)	\$ 4,548,775	\$ 16,542,946

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Changes in actuarial methods and assumptions

The prior measurement date of June 30, 2013 was based on the December 31, 2011 valuation. Changes in the actuarial methods and assumptions since that valuation are as follows:

Actuarial cost method – Changed from the projected unit credit cost method to the entry age normal cost method.

Tier 1/ Tier 2 UAL amortization – The balance will be amortized over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20-year period from the period in which they are first recognized.

Contribution rate stabilization method – The “grade-in range” over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%.

Allocation of liability for service segments – For purposes of allocating a Tier 1/Tier 2 member’s actuarial accrued liability among multiple employers, the valuation uses a weighted average of the money match methodology and the Full Formula methodology used by OPERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. Previously the money match was weighted 40 percent for General Service members and 10 percent for police & fire members. For subsequent valuations, this weighting has been adjusted to 30 percent for general service members and 5 percent for police & fire members, based on a projection of the proportion of liability attributable to money match benefits at those valuation dates.

Investment return and interest crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP administrative expenses - Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare cost inflation - The healthcare cost inflation for the maximum retirement health insurance premium account (RHIPA) subsidy was updated based on an analysis by actuaries that included the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Healthy mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total Pension liability (continued)

Changes in actuarial methods and assumptions (continued)

Disabled mortality – The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, retirement from active status, and termination - Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Merit increases, unused sick leave, and vacation pay - Assumed merit increases were lowered for school district members. Unused sick leave and vacation pay rates were adjusted.

Retiree healthcare participation - The Retirement health insurance account (RHIA) participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

G. Changes in plan provisions subsequent to measurement date

On April 30, 2015 the Oregon Supreme Court ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the current measurement date of June 30, 2014, and is not reflected in the proportionate share of the net pension asset (liability).

It is estimated that this change will increase net pension liability by \$9,873,309.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Defined Contribution Retirement Plan

OPSRP Individual Account Program (OPSRP IAP)

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

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 OPSRP Individual Account Program (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.

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.

Contributions

The County makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2015 were \$1,445,002.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

12. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other post-employment benefits (continued)

Membership

The County's membership in the plan at August 1, 2014 consisted of the following:

Active employees	332
Retirees, spouses or dependents	<u>20</u>
Total	<u><u>352</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	\$ 149,307
Amortization of UAAL	<u>218,083</u>
Annual required contribution	<u>\$ 367,390</u>

The net OPEB obligation as of June 30, 2015 was calculated as follows:

Annual required contribution	\$ 367,390
Interest on prior year Net OPEB	44,237
Adjustment to ARC	(151,975)
Contributions made	<u>(98,256)</u>
Increase in net OPEB obligation	161,396
Net OPEB obligation at beginning of year	<u>1,263,914</u>
Net OPEB obligation at end of year	<u><u>\$1,425,310</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other post-employment benefits (continued)

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 259,652	37.84%	\$ 1,425,310
2014	252,323	45.86%	1,263,914
2013	254,518	40.12%	1,127,312

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 Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
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%
August 1, 2010	--	1,671,079	1,671,079	0%	21,694,412	7.7%

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other post-employment benefits (continued)

In the August 1, 2014 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 2.75 percent per year, annual premium rate increases from 5.75 percent in 2014 to 4.75 percent in 2069, and participation rate of 55 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.

13. Contingency – sick leave

Portions of amounts accumulated 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, 2015, employees of the County had accumulated 5,735 days of sick leave.

14. 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.

15. Net position restricted through enabling legislation

Net position restricted due to enabling legislation as of June 30, 2015 is \$3,855,774 for the following purposes:

Highways and streets	\$ 3,044,536
Public safety	103,610
Capital projects	439,905
Other purposes	267,723

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. 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:

Fund balances:	General	Road	Health and Human Services	Solid Waste	Capital Improvement	Nonmajor Funds	Total
Nonspendable							
Inventory	\$ -	\$ 193,401	\$ -	\$ -	\$ -	\$ -	\$ 193,401
Prepaid items	250	-	14,415	-	-	8,768	23,433
Restricted for:							
Highways and streets	-	2,832,411	-	-	-	18,724	2,851,135
Schools and education	-	-	-	-	-	77,966	77,966
Health services	-	-	8,832,398	3,775,882	-	-	12,608,280
Grants	-	-	-	-	-	75,270	75,270
Public safety	-	-	-	-	-	1,460,690	1,460,690
County fair	-	-	-	-	-	42,569	42,569
Capital projects	-	-	-	-	-	439,905	439,905
Other purposes	-	-	-	-	-	785,953	785,953
Assigned for:							
Capital projects	-	-	-	-	1,784,338	-	1,784,338
Landfill costs	985,984	-	-	-	-	-	985,984
Unassigned:	<u>10,258,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,366)</u>	<u>10,250,853</u>
Total fund balances	<u>\$ 11,244,453</u>	<u>\$ 3,025,812</u>	<u>\$ 8,846,813</u>	<u>\$ 3,775,882</u>	<u>\$ 1,784,338</u>	<u>\$ 2,902,479</u>	<u>\$ 31,579,777</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. 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
Revenues			
Total fund revenues - budgetary basis	\$ 33,854,919	\$ 6,871,636	\$ 24,806,438
Revenues of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	114,792	-	-
Landfill License Agreement	4,931	-	-
Certain items are classified as revenues on the budgetary basis and are shown as other financing sources on the governmental fund financial statements	<u>(1,441,863)</u>	<u>(523,308)</u>	<u>(204,686)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 32,532,779</u>	<u>\$ 6,348,328</u>	<u>\$ 24,601,752</u>
Expenditures			
Total fund expenditures - budgetary basis	\$ 30,397,676	\$ 7,084,417	\$ 22,052,154
Expenditures of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
Landfill License Agreement	57,499	-	-
Certain items are classified as expenditures on the budgetary basis and are shown as other financing (uses) on the governmental fund financial statements	<u>(2,312,749)</u>	<u>(770,526)</u>	<u>(2,052,807)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 28,142,426</u>	<u>\$ 6,313,891</u>	<u>\$ 19,999,347</u>
Other financing sources (uses)			
Total fund other financing sources (uses) - budgetary basis	\$ (2,411,090)	\$ -	\$ 1,587,855
Other financing sources (uses) of separately budgeted funds which are included in the fund on the governmental fund financial statements			
O&C Reserve	(22,531)	-	-
Landfill License Agreement	444,290	-	-
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>(870,886)</u>	<u>(247,218)</u>	<u>(1,848,121)</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (2,860,217)</u>	<u>\$ (247,218)</u>	<u>\$ (260,266)</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. Budgetary perspective differences (continued)

	General	Road	Health and Human Services
Beginning fund balance			
Beginning fund balance - budgetary basis	\$ 8,547,616	\$ 3,283,593	\$ 4,504,674
Beginning fund balance of separately budgeted funds which are included in the fund on the governmental fund financial statements			
O&C Reserve	572,439	-	-
Landfill License Agreement	594,262	-	-
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 9,714,317	\$ 3,238,593	\$ 4,504,674
Ending fund balance			
Ending fund balance - budgetary basis	\$ 9,593,769	\$ 3,025,812	\$ 8,846,813
Ending fund balance of separately budgeted funds which are included in the fund on the governmental fund financial statements			
O&C Reserve	664,700	-	-
Landfill License Agreement	985,984	-	-
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 11,244,453	\$ 3,025,812	\$ 8,846,813

18. Expenditures in excess of appropriations

Oregon law prohibits expenditures or expenses of a fund in excess of board-approved appropriations. Expenditures in excess of appropriations occurred as follows:

General

Mediation Services	\$ 97,324	\$ 97,943	\$ (619)
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19. Deficit fund balance

As of June 30, 2015, the Law Library and the Emergency System funds had deficit fund balances of \$7,329 and \$37, respectively.

20. Prior period adjustments

Beginning net position of governmental activities has been adjusted for the following:

The County found errors in capital asset records that required an adjustment	\$ (5,633,937)
Adjustments required for implementation of GASB No. 68	(8,724,824)
	\$ (14,358,761)

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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>2015</u>	<u>2014</u>
Proportion of the collective net pension liability (asset)	0.20067701%	0.20067701%
Proportionate share of the collective net pension liability (asset)	\$ (4,548,775)	\$ 10,240,842
Covered payroll	\$ 24,083,363	\$ 22,515,420
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	-18.888%	45.484%
Pension plan's fiduciary net position as a percentage of the total pension liability	103.590%	91.974%

* 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, *

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contributions	\$ 1,526,840	\$ 1,516,018	\$ 1,521,246	\$ 1,532,937	\$ 993,769	\$ 1,020,859	\$ 1,887,434	\$ 1,752,323	\$ 2,580,183	\$ 2,491,065
Contractually required contributions recognized by the pension plan	1,526,840	1,516,018	1,521,246	1,532,937	993,769	1,020,859	1,887,434	1,752,323	2,580,183	2,491,065
Difference	-	-	-	-	-	-	-	-	-	-
Covered payroll	24,083,363	22,515,420	21,801,224	21,467,871	21,694,412	21,630,832	20,823,459	19,326,050	18,074,143	17,109,266
Contractually required contributions as a percentage of covered payroll	6.33981%	6.73324%	6.97780%	7.14061%	4.58076%	4.71946%	9.06398%	9.06716%	14.27555%	14.55974%

* Information will be accumulated until 10 years are presented.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

YAMHILL COUNTY
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2015

	General	O&C Reserve	Landfill License Agreement	Totals
<u>ASSETS</u>				
Cash and investments	\$ 9,992,012	\$ 664,700	\$ 985,984	\$ 11,642,696
Receivables	2,862,436	-	-	2,862,436
Prepaid items	250	-	-	250
Advances to other funds	3,427	-	-	3,427
TOTAL ASSETS	<u>\$ 12,858,125</u>	<u>\$ 664,700</u>	<u>\$ 985,984</u>	<u>\$ 14,508,809</u>
<u>LIABILITIES</u>				
Account payable	\$ 379,790	\$ -	\$ -	\$ 379,790
Payroll and related liabilities	902,604	-	-	902,604
Deposits	14,837	-	-	14,837
TOTAL LIABILITIES	<u>1,297,231</u>	<u>-</u>	<u>-</u>	<u>1,297,231</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	1,967,125	-	-	1,967,125
<u>FUND BALANCES</u>				
Nonspendable	250	-	-	250
Assigned	-	-	985,984	985,984
Unassigned	9,593,519	664,700	-	10,258,219
TOTAL FUND BALANCES	<u>9,593,769</u>	<u>664,700</u>	<u>985,984</u>	<u>11,244,453</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,858,125</u>	<u>\$ 664,700</u>	<u>\$ 985,984</u>	<u>\$ 14,508,809</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
For the Year Ended June 30, 2015**

	General	O&C Reserve	Landfill License Agreement	Totals
REVENUES				
Property taxes	\$ 18,792,550	\$ -	\$ -	\$ 18,792,550
Miscellaneous taxes	17,201	-	-	17,201
Licenses, permits and fees	985,335	-	-	985,335
Intergovernmental	4,298,808	110,456	-	4,409,264
Charges for services	7,511,313	-	-	7,511,313
Fines and forfeitures	322,957	-	-	322,957
Interest	71,860	4,336	4,931	81,127
Other	413,032	-	-	413,032
	<u>32,413,056</u>	<u>114,792</u>	<u>4,931</u>	<u>32,532,779</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	8,651,215	-	-	8,651,215
Public safety	18,600,873	-	-	18,600,873
Parks, culture, and recreation	198,056	-	-	198,056
Health and welfare	-	-	57,499	57,499
Capital outlay	634,783	-	-	634,783
	<u>28,084,927</u>	<u>-</u>	<u>57,499</u>	<u>28,142,426</u>
TOTAL EXPENDITURES				
Excess (deficiency) of revenues over expenditures	<u>4,328,129</u>	<u>114,792</u>	<u>(52,568)</u>	<u>4,390,353</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,576,917	-	446,476	2,023,393
Transfers out	(4,858,893)	(22,531)	(2,186)	(4,883,610)
	<u>(3,281,976)</u>	<u>(22,531)</u>	<u>444,290</u>	<u>(2,860,217)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
Net change in fund balances	1,046,153	92,261	391,722	1,530,136
Fund balances at beginning of year	8,547,616	572,439	594,262	9,714,317
	<u>8,547,616</u>	<u>572,439</u>	<u>594,262</u>	<u>9,714,317</u>
Fund balances at end of year	<u>\$ 9,593,769</u>	<u>\$ 664,700</u>	<u>\$ 985,984</u>	<u>\$ 11,244,453</u>

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, 2015**

	Original and Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 10,000	\$ 110,456	\$ 100,456
Interest	<u>3,000</u>	<u>4,336</u>	<u>1,336</u>
 TOTAL REVENUES	 13,000	 114,792	 101,792
 EXPENDITURES			
Materials and services	<u>685,105</u>	<u>-</u>	<u>685,105</u>
 Excess (deficiency) of revenues over expenditures	 (672,105)	 114,792	 786,897
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(16,980)</u>	<u>(22,531)</u>	<u>(5,551)</u>
 Net change in fund balance	 (689,085)	 92,261	 781,346
Fund balance at beginning of year	<u>689,085</u>	<u>572,439</u>	<u>(116,646)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 664,700</u>	 <u>\$ 664,700</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, 2015**

	Original and Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Interest	\$ 400	\$ 4,931	\$ 4,531
EXPENDITURES			
Materials and services	<u> 882,676</u>	<u> 59,685</u>	<u> 822,991</u>
Excess (deficiency) of revenues over expenditures	(882,276)	(54,754)	827,522
OTHER FINANCING SOURCES (USES)			
Transfer in	<u> 446,476</u>	<u> 446,476</u>	<u> -</u>
Net change in fund balance	(435,800)	391,722	827,522
Fund balance at beginning of year	<u> 610,800</u>	<u> 594,262</u>	<u> (16,538)</u>
Fund balance at end of year	<u><u> 175,000</u></u>	<u><u> 985,984</u></u>	<u><u> 810,984</u></u>

YAMHILL COUNTY

**CAPITAL IMPROVEMENT (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 20,000	\$ 305,820	\$ 292,636	\$ (13,184)
Charges for services	1,632,454	1,766,694	1,929,466	162,772
Interest earnings	3,000	3,000	18,489	15,489
Other	100	100	3,881	3,781
TOTAL REVENUES	1,655,554	2,075,614	2,244,472	168,858
EXPENDITURES				
Facilities Maintenance				
Personnel services	523,958	523,958	456,537	67,421
Materials and services	641,021	641,021	565,025	75,996
Capital outlay	30,000	30,000	18,988	11,012
Total Facilities Maintenance	1,194,979	1,194,979	1,040,550	154,429
Information Systems				
Materials and services	216,025	216,025	238,072	(22,047)
Capital outlay	20,000	20,000	20,000	-
Total Information Systems	236,025	236,025	258,072	(22,047)
Capital Improvement				
Personnel services	28,897	28,897	14,128	14,769
Materials and services	129,467	129,467	61,061	68,406
Capital outlay	523,298	523,298	229,844	293,454
Total Capital Improvement	681,662	681,662	305,033	376,629
Maintenance Reserve				
Capital outlay	141,080	141,080	-	141,080
Jail				
Materials and services	143,879	143,879	32,782	111,097
Capital outlay	150,000	150,000	12,158	137,842
Total Jail	293,879	293,879	44,940	248,939
Software Reserve				
Capital outlay	758,123	758,123	78,659	679,464
Capital Project				
Capital outlay	-	420,060	297,578	122,482
Debt service	103,081	103,081	103,101	(20)
TOTAL EXPENDITURES	3,408,829	3,828,889	2,127,933	1,700,956
Excess (deficiency) of revenues over expenditures	(1,753,275)	(1,753,275)	116,539	1,869,814

Continued on next page

**CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**

	Budget		Actual	Variance
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 467,608	\$ 467,608	\$ 467,608	\$ -
Repayments on interfund loans	(162,622)	(162,622)	(162,719)	(97)
Interest on interfund loans	<u>(6,832)</u>	<u>(6,832)</u>	<u>(6,455)</u>	<u>377</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>298,154</u>	<u>298,154</u>	<u>298,434</u>	<u>280</u>
Net change in fund balance	(1,455,121)	(1,455,121)	414,973	1,870,094
Fund balance at beginning of year	<u>1,874,323</u>	<u>1,874,323</u>	<u>2,467,161</u>	<u>592,838</u>
Fund balance at end of year	<u>\$ 419,202</u>	<u>\$ 419,202</u>	2,882,134	<u>\$ 2,462,932</u>
Reconciliation to generally accepted accounting principles				
Advances from other funds			<u>(1,097,796)</u>	
Fund balance at end of year			<u>\$ 1,784,338</u>	

YAMHILL COUNTY

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue	Capital Projects	Totals
<u>ASSETS</u>			
Cash and investments	\$ 2,771,050	\$ 438,952	\$ 3,210,002
Receivables	97,158	5,551	102,709
Inventory	-	-	-
Prepaid items	8,768	-	8,768
Advances to other funds	-	-	-
	-	-	-
 TOTAL ASSETS	 <u>\$ 2,876,976</u>	 <u>\$ 444,503</u>	 <u>\$ 3,321,479</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 162,334	\$ 4,598	\$ 166,932
Payroll and related liabilities	156,741	-	156,741
Deposits	12,486	-	12,486
Advances from other funds	29,514	-	29,514
	-	-	-
 TOTAL LIABILITIES	 <u>361,075</u>	 <u>4,598</u>	 <u>365,673</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	53,327	-	53,327
	-	-	-
 <u>FUND BALANCES</u>			
Nonspendable	8,768	-	8,768
Restricted	2,461,172	439,905	2,901,077
Unassigned	(7,366)	-	(7,366)
	-	-	-
 TOTAL FUND BALANCES	 <u>2,462,574</u>	 <u>439,905</u>	 <u>2,902,479</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 2,876,976</u>	 <u>\$ 444,503</u>	 <u>\$ 3,321,479</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	Special Revenue	Capital Projects	Totals
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 329,416	\$ -	\$ 329,416
Miscellaneous taxes	8,587	-	8,587
Licenses, permits and fees	251,523	-	251,523
Intergovernmental	3,232,372	59,881	3,292,253
Charges for services	1,029,396	42,163	1,071,559
Fines and forfeitures	20,580	-	20,580
Interest	20,949	3,042	23,991
Other	<u>128,354</u>	<u>-</u>	<u>128,354</u>
TOTAL REVENUES	<u>5,021,177</u>	<u>105,086</u>	<u>5,126,263</u>
EXPENDITURES			
Current			
General government	267,678	-	267,678
Public safety	3,624,994	-	3,624,994
Highways and streets	-	150	150
Parks, culture, and recreation	445,025	26,754	471,779
Education	64,014	-	64,014
Capital outlay	<u>403,612</u>	<u>-</u>	<u>403,612</u>
TOTAL EXPENDITURES	<u>4,805,323</u>	<u>26,904</u>	<u>4,832,227</u>
Excess (deficiency) of revenues over expenditures	<u>215,854</u>	<u>78,182</u>	<u>294,036</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	660,092	-	660,092
Transfers out	<u>(903,697)</u>	<u>(43,091)</u>	<u>(946,788)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(243,605)</u>	<u>(43,091)</u>	<u>(286,696)</u>
Net change in fund balances	(27,751)	35,091	7,340
Fund balances at beginning of year	<u>2,490,325</u>	<u>404,814</u>	<u>2,895,139</u>
Fund balances at end of year	<u>\$ 2,462,574</u>	<u>\$ 439,905</u>	<u>\$ 2,902,479</u>

YAMHILL COUNTY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2015

	Community Corrections	County Clerk's Records	Dog Control	Law Library	County Fair
<u>ASSETS</u>					
Cash and investments	\$ 1,472,946	\$ 90,946	\$ 124,899	\$ -	\$ 106,790
Receivables	63,934	-	-	-	-
Prepaid items	2,000	-	-	-	6,768
TOTAL ASSETS	<u>\$ 1,538,880</u>	<u>\$ 90,946</u>	<u>\$ 124,899</u>	<u>\$ -</u>	<u>\$ 113,558</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 45,206	\$ -	\$ 4,190	\$ 3,567	\$ 10,407
Payroll and related liabilities	134,594	3,940	12,480	335	1,713
Deposits	-	-	4,619	-	-
Advances from other funds	-	-	-	3,427	26,087
TOTAL LIABILITIES	<u>179,800</u>	<u>3,940</u>	<u>21,289</u>	<u>7,329</u>	<u>38,207</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	-	-	-	-	26,014
<u>FUND BALANCES</u>					
Nonspendable	2,000	-	-	-	6,768
Restricted	1,357,080	87,006	103,610	-	42,569
Unassigned	-	-	-	(7,329)	-
TOTAL FUND BALANCES	<u>1,359,080</u>	<u>87,006</u>	<u>103,610</u>	<u>(7,329)</u>	<u>49,337</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,538,880</u>	<u>\$ 90,946</u>	<u>\$ 124,899</u>	<u>\$ -</u>	<u>\$ 113,558</u>

911						
Emergency System	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ 13,717	\$ 528,101	\$ 190,064	\$ 75,270	\$ 148,540	\$ 19,777	\$ 2,771,050
-	-	1,286	-	31,938	-	97,158
-	-	-	-	-	-	8,768
<u>\$ 13,717</u>	<u>\$ 528,101</u>	<u>\$ 191,350</u>	<u>\$ 75,270</u>	<u>\$ 180,478</u>	<u>\$ 19,777</u>	<u>\$ 2,876,976</u>
\$ 13,754	\$ 9,871	\$ 140	\$ -	\$ 75,199	\$ -	\$ 162,334
-	-	2,626	-	-	1,053	156,741
-	-	7,867	-	-	-	12,486
-	-	-	-	-	-	29,514
<u>13,754</u>	<u>9,871</u>	<u>10,633</u>	<u>-</u>	<u>75,199</u>	<u>1,053</u>	<u>361,075</u>
-	-	-	-	27,313	-	53,327
-	-	-	-	-	-	8,768
-	518,230	180,717	75,270	77,966	18,724	2,461,172
(37)	-	-	-	-	-	(7,366)
<u>(37)</u>	<u>518,230</u>	<u>180,717</u>	<u>75,270</u>	<u>77,966</u>	<u>18,724</u>	<u>2,462,574</u>
<u>\$ 13,717</u>	<u>\$ 528,101</u>	<u>\$ 191,350</u>	<u>\$ 75,270</u>	<u>\$ 180,478</u>	<u>\$ 19,777</u>	<u>\$ 2,876,976</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015**

	Community Corrections	County Clerk's Records	Dog Control	Law Library	County School	County Fair
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous taxes	-	-	-	-	8,587	-
Licenses, permits and fees	-	-	251,523	-	-	-
Intergovernmental	2,739,888	-	-	73,811	55,378	50,964
Charges for services	483,638	12,614	27,938	-	-	433,557
Fines and forfeitures	-	-	20,580	-	-	-
Interest	11,887	895	1,050	-	49	428
Other	21,318	-	40,433	-	-	66,603
TOTAL REVENUES	<u>3,256,731</u>	<u>13,509</u>	<u>341,524</u>	<u>73,811</u>	<u>64,014</u>	<u>551,552</u>
EXPENDITURES						
Current						
General government	-	54,741	-	63,962	-	-
Public safety	3,253,796	-	346,235	-	-	-
Parks, culture, and recreation	-	-	-	-	-	408,561
Education	-	-	-	-	64,014	-
Capital outlay	-	5,904	-	-	-	44,494
TOTAL EXPENDITURES	<u>3,253,796</u>	<u>60,645</u>	<u>346,235</u>	<u>63,962</u>	<u>64,014</u>	<u>453,055</u>
Excess (deficiency) of revenues over expenditures	<u>2,935</u>	<u>(47,136)</u>	<u>(4,711)</u>	<u>9,849</u>	<u>-</u>	<u>98,497</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	607,843	620	-	-	-	46,625
Transfers out	(644,372)	(959)	(41,206)	(7,208)	-	(97,943)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,529)</u>	<u>(339)</u>	<u>(41,206)</u>	<u>(7,208)</u>	<u>-</u>	<u>(51,318)</u>
Net change in fund balances	(33,594)	(47,475)	(45,917)	2,641	-	47,179
Fund balances at beginning of year	1,392,674	134,481	149,527	(9,970)	-	2,158
Fund balances at end of year	<u>\$ 1,359,080</u>	<u>\$ 87,006</u>	<u>\$ 103,610</u>	<u>\$ (7,329)</u>	<u>\$ -</u>	<u>\$ 49,337</u>

911

Emergency System	Economic Development	Corner Restoration	Title III	Emergency Communications	Extension	Habitat Conservation	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,416	\$ -	\$ 329,416
-	-	-	-	-	-	-	8,587
-	-	-	-	-	-	-	251,523
-	270,966	-	-	-	-	41,365	3,232,372
-	-	71,649	-	-	-	-	1,029,396
-	-	-	-	-	-	-	20,580
180	3,412	1,346	551	-	1,026	125	20,949
-	-	-	-	-	-	-	128,354
<u>180</u>	<u>274,378</u>	<u>72,995</u>	<u>551</u>	<u>-</u>	<u>330,442</u>	<u>41,490</u>	<u>5,021,177</u>
-	92,669	55,712	594	-	-	-	267,678
24,963	-	-	-	-	-	-	3,624,994
-	-	-	-	-	-	36,464	445,025
-	-	-	-	-	-	-	64,014
-	-	-	-	-	353,214	-	403,612
<u>24,963</u>	<u>92,669</u>	<u>55,712</u>	<u>594</u>	<u>-</u>	<u>353,214</u>	<u>36,464</u>	<u>4,805,323</u>
<u>(24,783)</u>	<u>181,709</u>	<u>17,283</u>	<u>(43)</u>	<u>-</u>	<u>(22,772)</u>	<u>5,026</u>	<u>215,854</u>
-	-	504	-	-	-	4,500	660,092
-	(76,348)	(12,926)	(3,988)	(8,023)	(1,506)	(9,218)	(903,697)
-	(76,348)	(12,422)	(3,988)	(8,023)	(1,506)	(4,718)	(243,605)
(24,783)	105,361	4,861	(4,031)	(8,023)	(24,278)	308	(27,751)
<u>24,746</u>	<u>412,869</u>	<u>175,856</u>	<u>79,301</u>	<u>8,023</u>	<u>102,244</u>	<u>18,416</u>	<u>2,490,325</u>
\$ (37)	\$ 518,230	\$ 180,717	\$ 75,270	\$ -	\$ 77,966	\$ 18,724	\$ 2,462,574

YAMHILL COUNTY

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2015**

	Bicycle and Footpath	Systems Development	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 312,176	\$ 126,776	\$ 438,952
Receivables	<u>5,551</u>	<u>-</u>	<u>5,551</u>
 TOTAL ASSETS	 <u>\$ 317,727</u>	 <u>\$ 126,776</u>	 <u>\$ 444,503</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 4,598	\$ 4,598
 <u>FUND BALANCES</u>			
Restricted for capital projects	<u>317,727</u>	<u>122,178</u>	<u>439,905</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 317,727</u>	 <u>\$ 126,776</u>	 <u>\$ 444,503</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2015**

	Bicycle and Footpath	Systems Development	Totals
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 59,881	\$ -	\$ 59,881
Charges for services	-	42,163	42,163
Interest	<u>2,193</u>	<u>849</u>	<u>3,042</u>
 TOTAL REVENUES	 <u>62,074</u>	 <u>43,012</u>	 <u>105,086</u>
 EXPENDITURES			
Current			
Culture and recreation	-	26,754	26,754
Highways and streets	<u>150</u>	<u>-</u>	<u>150</u>
 TOTAL EXPENDITURES	 <u>150</u>	 <u>26,754</u>	 <u>26,904</u>
 Excess (deficiency) of revenues over expenditures	 61,924	 16,258	 78,182
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(41,984)</u>	<u>(1,107)</u>	<u>(43,091)</u>
 Net change in fund balances	 19,940	 15,151	 35,091
Fund balances at beginning of year	<u>297,787</u>	<u>107,027</u>	<u>404,814</u>
 Fund balances at end of year	 <u>\$ 317,727</u>	 <u>\$ 122,178</u>	 <u>\$ 439,905</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,839,055	\$ 2,739,888	\$ (99,167)
Charges for services	498,066	551,952	53,886
Interest earnings	7,500	11,887	4,387
Other	<u>23,000</u>	<u>21,318</u>	<u>(1,682)</u>
TOTAL REVENUES	<u>3,367,621</u>	<u>3,325,045</u>	<u>(42,576)</u>
EXPENDITURES			
Jail			
Personnel services	213,457	215,175	(1,718)
Materials and services	<u>218,034</u>	<u>111,659</u>	<u>106,375</u>
Total Jail	<u>431,491</u>	<u>326,834</u>	<u>104,657</u>
Community Corrections			
Personnel services	206,910	199,694	7,216
Materials and services	<u>16,912</u>	<u>14,863</u>	<u>2,049</u>
Total Community Corrections	<u>223,822</u>	<u>214,557</u>	<u>9,265</u>
State Enhancement			
Personnel services	2,012,484	1,847,042	165,442
Materials and services	666,573	476,074	190,499
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total State Enhancement	<u>2,684,057</u>	<u>2,323,116</u>	<u>360,941</u>
Work Release			
Personnel services	285,227	270,413	14,814
Materials and services	<u>58,988</u>	<u>60,271</u>	<u>(1,283)</u>
Total Work Release	<u>344,215</u>	<u>330,684</u>	<u>13,531</u>

Continued on next page

COMMUNITY CORRECTIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

	Original and Final Budget	Actual	Variance
EXPENDITURES (continued)			
Senate Bill 1145			
Personnel services	\$ 163,338	\$ 142,708	\$ 20,630
Materials and services	<u>86,426</u>	<u>84,356</u>	<u>2,070</u>
Total Senate Bill 1145	<u>249,764</u>	<u>227,064</u>	<u>22,700</u>
Jail Facilities Maintenance			
Personnel services	254,091	188,737	65,354
Materials and services	<u>309,484</u>	<u>287,176</u>	<u>22,308</u>
Total Jail Facilities Maintenance	<u>563,575</u>	<u>475,913</u>	<u>87,662</u>
TOTAL EXPENDITURES	<u>4,496,924</u>	<u>3,898,168</u>	<u>598,756</u>
Excess (deficiency) of revenues over expenditures	(1,129,303)	(573,123)	556,180
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>539,529</u>	<u>539,529</u>	<u>-</u>
Net change in fund balance	(589,774)	(33,594)	556,180
Fund balance at beginning of year	<u>1,015,000</u>	<u>1,392,674</u>	<u>377,674</u>
Fund balance at end of year	<u>\$ 425,226</u>	<u>\$ 1,359,080</u>	<u>\$ 933,854</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 12,917	\$ 13,234	\$ 317
Interest	<u>834</u>	<u>895</u>	<u>61</u>
TOTAL REVENUES	<u>13,751</u>	<u>14,129</u>	<u>378</u>
EXPENDITURES			
Personnel services	21,927	42,094	(20,167)
Materials and services	36,480	13,606	22,874
Capital outlay	<u>31,545</u>	<u>5,904</u>	<u>25,641</u>
TOTAL EXPENDITURES	<u>89,952</u>	<u>61,604</u>	<u>28,348</u>
Net change in fund balance	(76,201)	(47,475)	28,726
Fund balance at beginning of year	<u>165,999</u>	<u>134,481</u>	<u>(31,518)</u>
Fund balance at end of year	<u>\$ 89,798</u>	<u>\$ 87,006</u>	<u>\$ (2,792)</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Licenses and permits	\$ 271,700	\$ 251,523	\$ (20,177)
Charges for services	19,860	27,938	8,078
Fines and penalties	17,000	20,580	3,580
Interest	1,000	1,050	50
Miscellaneous	<u>53,050</u>	<u>40,433</u>	<u>(12,617)</u>
TOTAL REVENUES	<u>362,610</u>	<u>341,524</u>	<u>(21,086)</u>
EXPENDITURES			
Personnel services	378,545	295,058	83,487
Materials and services	<u>110,723</u>	<u>87,758</u>	<u>22,965</u>
TOTAL EXPENDITURES	<u>489,268</u>	<u>382,816</u>	<u>106,452</u>
Excess (deficiency) of revenues over expenditures	(126,658)	(41,292)	85,366
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(4,625)</u>	<u>(4,625)</u>	<u>-</u>
Net change in fund balance	(131,283)	(45,917)	85,366
Fund balance at beginning of year	<u>143,000</u>	<u>149,527</u>	<u>6,527</u>
Fund balance at end of year	<u>\$ 11,717</u>	<u>\$ 103,610</u>	<u>\$ 91,893</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 75,000	\$ 73,811	\$ (1,189)
Interest	250	-	(250)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	75,250	73,811	(1,439)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Personnel services	16,047	11,965	4,082
Materials and services	68,069	59,205	8,864
Contingency	11,187	-	11,187
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	95,303	71,170	24,133
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(20,053)	2,641	22,694
Fund balance at beginning of year	20,053	(9,970)	(30,023)
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ -	\$ (7,329)	\$ (7,329)
	<hr/>	<hr/>	<hr/>

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, 2015**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous taxes	\$ 5,000	\$ 5,000	\$ 8,587	\$ 3,587
Intergovernmental	13,000	61,000	55,378	(5,622)
Interest	-	-	49	49
TOTAL REVENUES	18,000	66,000	64,014	(1,986)
EXPENDITURES				
Materials and services	18,000	66,000	64,014	1,986
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<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, 2015**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 76,500	\$ 76,500	\$ 50,964	\$ (25,536)
Charges for services	340,032	375,032	433,557	58,525
Interest	-	-	428	428
Other	64,296	64,296	66,603	2,307
TOTAL REVENUES	480,828	515,828	551,552	35,724
EXPENDITURES				
County Fair				
Materials and services	224,188	224,188	215,961	8,227
Fair Event Center				
Personnel services	72,424	72,424	72,524	(100)
Materials and services	210,006	210,006	217,824	(7,818)
Capital outlay	5,000	40,000	44,494	(4,494)
Total Fair Event Center	287,430	322,430	334,842	(12,412)
Contingency	4,554	4,554	-	4,554
TOTAL EXPENDITURES	516,172	551,172	550,803	369
Excess (deficiency) of revenues over expenditures	(35,344)	(35,344)	749	36,093
OTHER FINANCING SOURCES (USES)				
Transfers in	42,000	42,000	46,625	4,625
Repayments on interfund loans	(12,912)	(12,912)	(12,946)	(34)
Interest on interfund loans	(195)	(195)	(195)	-
TOTAL OTHER FINANCING SOURCES (USES)	28,893	28,893	33,484	4,591
Net change in fund balance	(6,451)	(6,451)	34,233	40,684
Fund balance at beginning of year	6,451	6,451	41,191	34,740
Fund balance at end of year	\$ -	\$ -	75,424	\$ 75,424
Reconciliation to generally accepted accounting principles				
Advances from other funds			(26,087)	
Fund balance at end of year			\$ 49,337	

YAMHILL COUNTY

**911 EMERGENCY SYSTEM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 180	\$ 180
EXPENDITURES			
Materials and services	<u>24,774</u>	<u>24,963</u>	<u>(189)</u>
Net change in fund balance	(24,774)	(24,783)	(9)
Fund balance at beginning of year	<u>24,774</u>	<u>24,746</u>	<u>(28)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (37)</u>	<u>\$ (37)</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, 2015**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 270,966	\$ 20,966
Interest	2,000	2,000	3,412	1,412
Miscellaneous	-	150,000	-	(150,000)
TOTAL REVENUES	252,000	402,000	274,378	(127,622)
EXPENDITURES				
Materials and services	628,317	778,317	169,017	609,300
Net change in fund balance	(376,317)	(376,317)	105,361	481,678
Fund balance at beginning of year	376,317	376,317	412,869	36,552
Fund balance at end of year	\$ -	\$ -	\$ 518,230	\$ 518,230

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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 70,000	\$ 72,153	\$ 2,153
Interest	<u>575</u>	<u>1,346</u>	<u>771</u>
TOTAL REVENUES	<u>70,575</u>	<u>73,499</u>	<u>2,924</u>
EXPENDITURES			
Personnel services	56,419	53,468	2,951
Materials and services	<u>59,870</u>	<u>15,170</u>	<u>44,700</u>
TOTAL EXPENDITURES	<u>116,289</u>	<u>68,638</u>	<u>47,651</u>
Net change in fund balance	(45,714)	4,861	50,575
Fund balance at beginning of year	<u>170,371</u>	<u>175,856</u>	<u>5,485</u>
Fund balance at end of year	<u>\$ 124,657</u>	<u>\$ 180,717</u>	<u>\$ 56,060</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 20,000	\$ -	\$ (20,000)
Interest	<u>500</u>	<u>551</u>	<u>51</u>
TOTAL REVENUES	20,500	551	(19,949)
EXPENDITURES			
Materials and services	<u>99,500</u>	<u>4,582</u>	<u>94,918</u>
Net change in fund balance	(79,000)	(4,031)	74,969
Fund balance at beginning of year	<u>79,000</u>	<u>79,301</u>	<u>301</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 75,270</u>	<u>\$ 75,270</u>

YAMHILL COUNTY

EMERGENCY COMMUNICATIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (8,023)	\$ (8,023)
Net change in fund balance	-	(8,023)	(8,023)
Fund balance at beginning of year	<u>-</u>	<u>8,023</u>	<u>8,023</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 336,503	\$ 329,416	\$ (7,087)
Interest	<u>750</u>	<u>1,026</u>	<u>276</u>
TOTAL REVENUES	<u>337,253</u>	<u>330,442</u>	<u>(6,811)</u>
EXPENDITURES			
Materials and services	354,588	354,720	(132)
Contingency	<u>15,000</u>	<u>-</u>	<u>15,000</u>
TOTAL EXPENDITURES	<u>369,588</u>	<u>354,720</u>	<u>14,868</u>
Net change in fund balance	(32,335)	(24,278)	8,057
Fund balance at beginning of year	<u>96,000</u>	<u>102,244</u>	<u>6,244</u>
Fund balance at end of year	<u>\$ 63,665</u>	<u>\$ 77,966</u>	<u>\$ 14,301</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, 2015**

	Original and		
	Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 41,365	\$ 41,365	\$ -
Other	<u> -</u>	<u> 125</u>	<u> 125</u>
TOTAL REVENUES	<u> 41,365</u>	<u> 41,490</u>	<u> 125</u>
EXPENDITURES			
Personnel services	25,079	21,890	3,189
Materials and services	<u> 22,981</u>	<u> 23,792</u>	<u> (811)</u>
TOTAL EXPENDITURES	<u> 48,060</u>	<u> 45,682</u>	<u> 2,378</u>
Excess (deficiency) of revenues over expenditures	(6,695)	(4,192)	2,503
OTHER FINANCING SOURCES (USES)			
Transfers in	<u> 4,500</u>	<u> 4,500</u>	<u> -</u>
Net change in fund balance	(2,195)	308	2,503
Fund balance at beginning of year	<u> 2,195</u>	<u> 18,416</u>	<u> 16,221</u>
Fund balance at end of year	<u><u> -</u></u>	<u><u> 18,724</u></u>	<u><u> 18,724</u></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, 2015**

	Original and		
	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 56,767	\$ 59,881	\$ 3,114
Interest	<u>1,500</u>	<u>2,193</u>	<u>693</u>
TOTAL REVENUES	<u>58,267</u>	<u>62,074</u>	<u>3,807</u>
EXPENDITURES			
Materials and services	42,134	42,134	-
Contingency	<u>312,587</u>	<u>-</u>	<u>312,587</u>
TOTAL EXPENDITURES	<u>354,721</u>	<u>42,134</u>	<u>312,587</u>
Net change in fund balance	(296,454)	19,940	316,394
Fund balance at beginning of year	<u>296,454</u>	<u>297,787</u>	<u>1,333</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 317,727</u>	<u>\$ 317,727</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, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 46,500	\$ 42,163	\$ (4,337)
Interest	<u>500</u>	<u>849</u>	<u>349</u>
TOTAL REVENUES	<u>47,000</u>	<u>43,012</u>	<u>(3,988)</u>
EXPENDITURES			
Non-departmental			
Materials and services	2,074	2,261	(187)
County Fair			
Capital outlay	10,000	-	10,000
Parks			
Materials and services	32,745	25,600	7,145
Parks System Development			
Capital outlay	<u>101,033</u>	<u>-</u>	<u>101,033</u>
TOTAL EXPENDITURES	<u>145,852</u>	<u>27,861</u>	<u>117,991</u>
Net change in fund balance	(98,852)	15,151	114,003
Fund balance at beginning of year	<u>100,595</u>	<u>107,027</u>	<u>6,432</u>
Fund balance at end of year	<u>\$ 1,743</u>	<u>\$ 122,178</u>	<u>\$ 120,435</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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 47,040	\$ 46,989	\$ (51)
Interest	300	729	429
Miscellaneous	<u>-</u>	<u>228</u>	<u>228</u>
 TOTAL REVENUES	 <u>47,340</u>	 <u>47,946</u>	 <u>606</u>
 EXPENDITURES			
Personnel services	6,250	6,199	51
Materials and services	50,200	41,228	8,972
Capital outlay	8,000	4,689	3,311
Contingency	<u>89,718</u>	<u>-</u>	<u>89,718</u>
 TOTAL EXPENDITURES	 <u>154,168</u>	 <u>52,116</u>	 <u>102,052</u>
 Net change in fund balance	 (106,828)	 (4,170)	 102,658
Fund balance at beginning of year	<u>106,828</u>	<u>94,000</u>	<u>(12,828)</u>
 Fund balance at end of year	 <u>\$ -</u>	 89,830	 <u>\$ 89,830</u>
 Reconciliation to generally accepted accounting principles			
Receivables		20,178	
Capital assets, net		<u>78,356</u>	
 Net position at end of year		 <u>\$ 188,364</u>	

YAMHILL COUNTY

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 253,717	\$ 3,409,673	\$ 2,216,087	\$ 5,879,477
Receivables	7,877	-	68	7,945
Prepaid items	-	26,095	-	26,095
Advances to other funds	-	591,440	-	591,440
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	261,594	4,027,208	2,216,155	6,504,957
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	14,034	228	15,548	29,810
Payroll and related liabilities	8,649	779	-	9,428
Compensated absences	18,118	1,309	-	19,427
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	40,801	2,316	15,548	58,665
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>				
Unrestricted	\$ 220,793	\$ 4,024,892	\$ 2,200,607	\$ 6,446,292
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

YAMHILL COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 52,749	\$ 14,212	\$ 66,961
Other	<u>129,751</u>	<u>8,095</u>	<u>360,093</u>	<u>497,939</u>
TOTAL OPERATING REVENUES	<u>129,751</u>	<u>60,844</u>	<u>374,305</u>	<u>564,900</u>
OPERATING EXPENSES				
Personnel services	208,946	78,372	-	287,318
Materials and services	<u>278,150</u>	<u>1,303,920</u>	<u>99,590</u>	<u>1,681,660</u>
TOTAL OPERATING EXPENSES	<u>487,096</u>	<u>1,382,292</u>	<u>99,590</u>	<u>1,968,978</u>
Operating income (loss)	(357,345)	(1,321,448)	274,715	(1,404,078)
NONOPERATING REVENUES				
Investment earnings	<u>2,464</u>	<u>21,193</u>	<u>15,430</u>	<u>39,087</u>
Income (loss) before transfers	(354,881)	(1,300,255)	290,145	(1,364,991)
Transfers in	360,197	1,705,452	650,038	2,715,687
Transfers out	<u>(489,567)</u>	<u>(108,502)</u>	<u>(877,093)</u>	<u>(1,475,162)</u>
Change in net position	(484,251)	296,695	63,090	(124,466)
Net position-beginning of year	<u>705,044</u>	<u>3,728,197</u>	<u>2,137,517</u>	<u>6,570,758</u>
Net position-end of year	<u>\$ 220,793</u>	<u>\$ 4,024,892</u>	<u>\$ 2,200,607</u>	<u>\$ 6,446,292</u>

YAMHILL COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015**

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ -	\$ 78,165	\$ 14,212	\$ 92,377
Other receipts from services provided	131,199	8,095	360,067	499,361
Payments to suppliers of goods or services	(276,622)	(1,335,894)	(239,444)	(1,851,960)
Payments to employees for services	<u>(202,402)</u>	<u>(80,079)</u>	<u>-</u>	<u>(282,481)</u>
Net cash provided by (used in) operating activities	<u>(347,825)</u>	<u>(1,329,713)</u>	<u>134,835</u>	<u>(1,542,703)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments of advances to other funds	-	91,224	-	91,224
Transfers in	360,197	1,705,452	650,038	2,715,687
Transfers out	<u>(23,279)</u>	<u>(108,502)</u>	<u>(29,733)</u>	<u>(161,514)</u>
Net cash provided by noncapital financing activities	<u>336,918</u>	<u>1,688,174</u>	<u>620,305</u>	<u>2,645,397</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	<u>(466,288)</u>	<u>-</u>	<u>(847,360)</u>	<u>(1,313,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>2,464</u>	<u>21,193</u>	<u>15,430</u>	<u>39,087</u>
Net increase (decrease) in cash and cash equivalents	(474,731)	379,654	(76,790)	(171,867)
Cash and cash equivalents-beginning of year	<u>728,448</u>	<u>3,030,019</u>	<u>2,292,877</u>	<u>6,051,344</u>
Cash and cash equivalents-end of year	<u>\$ 253,717</u>	<u>\$ 3,409,673</u>	<u>\$ 2,216,087</u>	<u>\$ 5,879,477</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (357,345)	\$ (1,321,448)	\$ 274,715	\$ (1,404,078)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
(Increase) decrease in assets:				
Receivables	1,448	25,416	(26)	26,838
Prepaid items	-	(26,095)	-	(26,095)
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	1,528	(5,879)	(139,854)	(144,205)
Payroll and related liabilities	1,724	17	-	1,741
Compensated absences	<u>4,820</u>	<u>(1,724)</u>	<u>-</u>	<u>3,096</u>
Net cash provided by (used in) operating activities	<u>\$ (347,825)</u>	<u>\$ (1,329,713)</u>	<u>\$ 134,835</u>	<u>\$ (1,542,703)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers out	<u>\$ (466,288)</u>	<u>\$ -</u>	<u>\$ (847,360)</u>	<u>\$ (1,313,648)</u>

YAMHILL COUNTY

**TELECOMMUNICATIONS - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 1,800	\$ 2,464	\$ 664
Other	<u>109,833</u>	<u>129,751</u>	<u>19,918</u>
TOTAL REVENUES	<u>111,633</u>	<u>132,215</u>	<u>20,582</u>
EXPENDITURES			
Personnel services	203,937	208,316	(4,379)
Materials and services	321,992	239,187	82,805
Capital outlay	<u>565,000</u>	<u>524,340</u>	<u>40,660</u>
TOTAL EXPENDITURES	<u>1,090,929</u>	<u>971,843</u>	<u>119,086</u>
Excess (deficiency) of revenues over expenditures	(979,296)	(839,628)	139,668
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>325,630</u>	<u>360,197</u>	<u>34,567</u>
Net change in fund balance	(653,666)	(479,431)	174,235
Fund balance at beginning of year	<u>653,666</u>	<u>718,342</u>	<u>64,676</u>
Fund balance at end of year	<u>\$ -</u>	238,911	<u>\$ 238,911</u>
Reconciliation to generally accepted accounting principles			
Compensated absences		<u>(18,118)</u>	
Net position at end of year		<u>\$ 220,793</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, 2015**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Charges for services	\$ 2,130,682	\$ 2,095,682	\$ 1,758,201	\$ (337,481)
Interest	8,000	8,000	21,193	13,193
Other	100	100	8,095	7,995
TOTAL REVENUES	2,138,782	2,103,782	1,787,489	(316,293)
EXPENDITURES				
Personnel services	85,192	85,192	80,523	4,669
Materials and services	2,722,433	2,687,433	1,411,995	1,275,438
Contingency	500,000	500,000	-	500,000
TOTAL EXPENDITURES	3,307,625	3,272,625	1,492,518	1,780,107
Excess (deficiency) of revenues over expenditures	(1,168,843)	(1,168,843)	294,971	1,463,814
OTHER FINANCING SOURCES (USES)				
Repayments of interfund loans	91,093	91,093	91,224	131
Net change in fund balance	(1,077,750)	(1,077,750)	386,195	1,463,945
Fund balance at beginning of year	1,573,699	1,573,699	3,048,566	1,474,867
Fund balance at end of year	\$ 495,949	\$ 495,949	3,434,761	\$ 2,938,812
Reconciliation to generally accepted accounting principles				
Advances to other funds			591,440	
Compensated absences			(1,309)	
Net position at end of year			\$ 4,024,892	

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, 2015**

	Original and Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 688,723	\$ 664,250	\$ (24,473)
Interest	13,500	15,430	1,930
Other	<u>36,100</u>	<u>360,093</u>	<u>323,993</u>
TOTAL REVENUES	<u>738,323</u>	<u>1,039,773</u>	<u>301,450</u>
EXPENDITURES			
Materials and services	140,818	95,629	45,189
Capital outlay	1,612,782	881,054	731,728
Contingency	<u>145,000</u>	<u>-</u>	<u>145,000</u>
TOTAL EXPENDITURES	<u>1,898,600</u>	<u>976,683</u>	<u>921,917</u>
Net change in fund balance	(1,160,277)	63,090	1,223,367
Fund balance at beginning of year	<u>2,324,964</u>	<u>2,137,517</u>	<u>(187,447)</u>
Fund balance at end of year	<u>\$ 1,164,687</u>	<u>\$ 2,200,607</u>	<u>\$ 1,035,920</u>

YAMHILL COUNTY

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2015

Agency Fund	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Unsegregated Tax and Interest</u>				
Assets				
Cash and investments	\$ 1,125,140	\$ 111,453,904	\$ 110,927,898	\$ 1,651,146
Property taxes receivable	<u>8,403,954</u>	<u>112,957,576</u>	<u>112,309,954</u>	<u>9,051,576</u>
Total assets	<u>\$ 9,529,094</u>	<u>\$ 224,411,480</u>	<u>\$ 223,237,852</u>	<u>\$ 10,702,722</u>
Liabilities				
Intergovernmental payables	<u>\$ 9,529,094</u>	<u>\$ 111,758,406</u>	<u>\$ 110,584,778</u>	<u>\$ 10,702,722</u>
<u>Holding Trust</u>				
Assets				
Cash and investments	<u>\$ 35,983</u>	<u>\$ 10,364</u>	<u>\$ 12,646</u>	<u>\$ 33,701</u>
Liabilities				
Amounts held in trust	<u>\$ 35,983</u>	<u>\$ 10,364</u>	<u>\$ 12,646</u>	<u>\$ 33,701</u>
<u>Assessment and Mapping</u>				
Assets				
Cash and investments	<u>\$ 235,514</u>	<u>\$ 877,303</u>	<u>\$ 844,710</u>	<u>\$ 268,107</u>
Liabilities				
Intergovernmental payables	<u>\$ 235,514</u>	<u>\$ 1,152,251</u>	<u>\$ 1,119,658</u>	<u>\$ 268,107</u>
<u>Total-All Agency Funds</u>				
Assets				
Cash and investments	\$ 1,396,637	\$ 112,341,571	\$ 111,785,254	\$ 1,952,954
Property taxes receivable	<u>8,403,954</u>	<u>112,957,576</u>	<u>112,309,954</u>	<u>9,051,576</u>
Total assets	<u>\$ 9,800,591</u>	<u>\$ 225,299,147</u>	<u>\$ 224,095,208</u>	<u>\$ 11,004,530</u>
Liabilities				
Intergovernmental payables	\$ 9,764,608	\$ 112,910,657	\$ 111,704,436	\$ 10,970,829
Amounts held in trust	<u>35,983</u>	<u>10,364</u>	<u>12,646</u>	<u>33,701</u>
Total liabilities	<u>\$ 9,800,591</u>	<u>\$ 112,921,021</u>	<u>\$ 111,717,082</u>	<u>\$ 11,004,530</u>

YAMHILL COUNTY

SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS

For the Year Ended June 30, 2015

Official	Total Cash and Cash Equivalents				Classification of Cash and Cash Equivalents						
	June 30, 2014	Cash Receipts	Cash Disbursements and Refunds	Turned to Treasurer	Total Cash and Cash Equivalents June 30, 2015	Cash on Hand	Checking	Unsegregated Tax Accts	Local Govt Pool Other		Total
									Investments		
Assessor	\$ 350	\$ 474,384	\$ -	\$ 474,384	\$ 350	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ 350
Clerk	1,100	682,502	-	682,502	1,100	1,100	-	-	-	-	1,100
Commissioners	4,700	8	-	8	4,700	4,700	-	-	-	-	4,700
District Attorney	1,000	646,092	-	646,092	1,000	1,000	-	-	-	-	1,000
Sheriff	1,010	6,292,070	-	6,292,070	1,010	1,010	-	-	-	-	1,010
Treasurer	<u>33,340,835</u>	<u>63,339,830</u>	<u>56,147,178</u>	<u>-</u>	<u>40,533,487</u>	<u>2,713</u>	<u>3,108,496</u>	<u>1,651,146</u>	<u>35,771,132</u>		<u>40,533,487</u>
	<u>\$ 33,348,995</u>	<u>\$ 71,434,886</u>	<u>\$ 56,147,178</u>	<u>\$ 8,095,056</u>	<u>\$ 40,541,647</u>	<u>\$ 10,873</u>	<u>\$ 3,108,496</u>	<u>\$ 1,651,146</u>	<u>\$ 35,771,132</u>		<u>\$ 40,541,647</u>

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

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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, 2015, and have issued our report thereon dated December 24, 2015.

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 as follows:

- i. In the detail budget document for 2015-16 the excess of actual revenues over actual expenditures in the second preceding year did not equal the beginning balance in the first preceding year in the General and Health and Human Services funds.
- ii. The County did not reasonably estimate the July 1, 2015 beginning fund balances as defined by ORS 294.361(1) as shown below:

Fund	Estimated	Actual	Variance
General	\$ 7,745,215	\$ 9,593,769	\$ (1,848,554)
Health & Human Services	5,666,033	8,846,813	(3,180,780)
Self-Insurance	2,736,129	3,434,761	(698,632)

- iii. Expenditures in excess of appropriations (which is prohibited by ORS 294.435) occurred as follows:

Fund/Category	Appropriation	Actual	Variance
General			
Mediation Services	\$ 97,324	\$ 97,943	\$ (619)
Capital Improvement			
Information Systems	236,025	258,072	(22,047)
Debt Service	103,081	103,101	(20)
County Fair			
County Fair	546,618	550,803	(4,185)
Debt Service	13,107	13,141	(34)
911 Emergency System			
Materials and Services	24,774	24,963	(189)
Extension			
Materials and Services	354,588	354,720	(132)

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

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 directors 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 24, 2015

By:

A handwritten signature in black ink, appearing to read 'Bradley G. Bingenheimer', written over a light gray signature line.

Bradley G. Bingenheimer, Member

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GRANT COMPLIANCE – SINGLE AUDIT

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

To the Board of County Commissioners
Yamhill County
McMinnville, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2015, 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 24, 2015.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-1 that we consider to be a significant deficiency.

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*.

Yamhill County’s Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 24, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of County Commissioners
Yamhill County
McMinnville, Oregon

Report on Compliance for Each Major Federal Program

We have audited the County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The 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 laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Yamhill County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133 (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 the County’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the County’s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 24, 2015

YAMHILL COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

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?	Yes
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 section 510(a) of OMB Circular A-133?	No
Identification of major federal programs:	

CFDA Number(s)

Name of Federal Program or Cluster

15.227	Distribution of Receipts to State and Local Governments
20.509	Formula Grants for Other Than Urbanized Areas
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

Significant Deficiencies:

2015-1 Preparation of the Financial Statements

- Criteria:** The preparation of the financial statements is the responsibility of management. Management is also responsible for designing and implementing internal controls over the preparation of the financial statements.
- Condition:** The auditor has prepared the financial statements (a nonattest service) on behalf of management. Therefore, management has not designed or implemented internal controls over the preparation of the financial statements. Management has identified the Finance Director as having suitable skills, knowledge or experience to accept responsibility for the financial statements.
- Cause:** Management has performed a cost-benefit analysis and determined it is most efficient to have the auditors prepare the financial statements in conjunction with the audit of the financial statements.
- Effect:** Management believes there are no negative effects, or potentially negative effects, on the financial statements.
- Response:** Management has determined that it is not cost effective to correct this deficiency in internal controls.

YAMHILL COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015

2014-2

U.S. Department of Transportation – Federal Transit Administration
Oregon Department of Transportation agreements No. 29269 and 29310

20.509 Formula Grants for Other Than Urbanized Areas

20.513 Capital Assistance Program for Elderly Persons and Persons with Disabilities

Criteria: OMB Circular A-87 states: “To be allowable under Federal awards, costs must meet the following criteria...be adequately documented.” Additionally, the grant agreements with the Oregon Department of Transportation states: “Recipient shall retain proper and complete books of record and account and maintain all fiscal records related to this Agreement and the Project in accordance with generally accepted accounting principles.”

Condition: The County did not maintain documentation to support the amounts claimed for reimbursement under the grants.

Questioned

Costs: 20.509 \$815,852; 20.513 \$441,765 which represent the total amount of reimbursements received under ODOT agreements 29269 and 29310.

Perspective: The costs claimed under the grant consist predominately of payments to an outside contractor for the operation of the transit system. Total payment to the contractor, before reduction for fare box receipts, were \$1,260,986 during the year.

Effect: Costs claimed for reimbursement under the grants could be determined to be unallowable due to documentation not being maintained.

Recommendation:

The County should maintain detail documentation of the costs claimed for reimbursement under each grant.

Views of

Management: The County will begin to maintain documentation of the costs charged to each of the Federal programs.

Status: The County hired a transit manager and maintains documentation of the costs charged to each of the Federal programs.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

2014-3

U.S. Department of Transportation – Federal Transit Administration
Oregon Department of Transportation agreements No. 28542, 29269 and 29310

20.509 Formula Grants for Other Than Urbanized Areas

20.513 Capital Assistance Program for Elderly Persons and Persons with Disabilities

Criteria: OMB Circular A-133 §.300 states: “The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: The County did not design and implement internal controls over allowable costs charged to the grants as there is no supervisory review and approval process for the costs claimed for reimbursement.

Questioned

Costs: 20.509 \$815,852; 20.513 \$826,049 which represent the total amount of reimbursements received under the grants.

Perspective: The costs claimed under the grant consist predominately of payments to an outside contractor for the operation of the transit system and the purchase of new buses. Total payment to the contractor, before reduction for fare box receipts, were \$1,260,986 during the year and new bus purchases totaled \$443,526.

Effect: Unallowable costs could be claimed for reimbursement under the grants.

Recommendation:

The County should design and implement internal controls whereby one person prepares the documentation of the costs to be claimed for reimbursement and another person reviews that documentation before it is submitted to the Oregon Department of Transportation.

Views of

Management: The County will initiate a process to review and approve the costs charged to the programs before they are submitted to the Oregon Department of Transportation for reimbursement.

Status: The County has initiated a process to review and approve the costs charged to the programs before they are submitted to the Oregon Department of Transportation for reimbursement.

YAMHILL COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<hr/> <i>Department of Agriculture</i> <hr/>			
Food and Nutrition Service			
<i>Passed through Oregon State Health Division</i>			
School Breakfast Program	10.553		\$ 9,345
National School Lunch Program	10.555		14,753
Forest Service			
Schools and Roads - Grants to States	10.665		30,003
<i>Passed through Oregon Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		221,513
Total Department of Agriculture			<hr/> 275,614 <hr/>
<hr/> <i>Department of the Interior</i> <hr/>			
Bureau of Land Management			
Payments in Lieu of Taxes	15.226		19,336
Distribution of Receipts to State and Local Governments	15.227		240,455
Fish and Wildlife Service			
National Wildlife Refuge Fund	15.659		3,506
<i>Passed through Oregon Fish and Wildlife</i>			
Sport Fish Restoration Program	15.605		210,300
Total Department of the Interior			<hr/> 473,597 <hr/>
<hr/> <i>Department of Justice</i> <hr/>			
Office for Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance	16.575	VOCA	40,308
Bureau of Justice Assistance			
Drug Court Discretionary Grant Program	16.585		101,941
State Criminal Alien Assistance Program	16.606		9,707
Total Department of Justice			<hr/> 151,956 <hr/>
<hr/> <i>Department of Transportation</i> <hr/>			
Federal Transit Administration			
Capital Investment Grant	20.500		50,350
<i>Passed through Oregon Department of Transportation</i>			
Formula Grants for Rural Areas	20.509	29957	807,799
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	29310	231,975
Total Department of Transportation			<hr/> 1,090,124 <hr/>
<hr/> <i>Environmental Protection Agency</i> <hr/>			
Office of Water			
<i>Passed through Oregon Department of Human Services</i>			
State Public Water System Supervision	66.432		17,494
Capitalization Grants for Drinking Water State Revolving Funds	66.468		10,540
Total Environmental Protection Agency			<hr/> 28,034 <hr/>

Continued on next page

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Health and Human Services</i>			
Office of Population Affairs			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Family Planning Services	93.217		\$ 39,541
Administration for Children and Families			
<i>Passed through Oregon Commission on Children and Families</i>			
Promoting Safe and Stable Families	93.556		12,334
Social Services Block Grant	93.667		13,004
<i>Passed through Oregon State Adult and Family Services Division</i>			
Child Support Enforcement	93.563		328,702
Centers for Disease Control and Prevention			
<i>Passed through Oregon Department of Human Services</i>			
Public Health Emergency Preparedness	93.069		116,223
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		1,639
Office of the Secretary			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
National Bioterrorism Hospital Preparedness Program	93.889		1,699
Health Resources and Services Administration			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Maternal and Child Health Services Block Grant	93.994		39,777
Substance Abuse and Mental Health Services Administration			
<i>Passed through Oregon Department of Human Services Service Division</i>			
Block Grants for Community Mental Health Services	93.958		100,891
Block Grants for Prevention and Treatment of Substance Abuse	93.959		268,997
Total Department of Health and Human Services			<u>922,807</u>
<i>National Assn of County & City Health Officials</i>			
Medical Reserve Corps Small Grant Program	93.008		<u>3,500</u>
<i>Social Security Administration</i>			
Social Security - Work Incentives - Planning and Assistance Program	96.008		<u>1,200</u>
<i>Department of Homeland Security</i>			
<i>Passed through Oregon State Police Office of Emergency Management</i>			
Emergency Management Performance Grants	97.042		95,917
State Homeland Security Grant	97.073		135,820
Total Department of Homeland Security			<u>231,737</u>
Total Expenditures of Federal Awards			<u>\$ 3,178,569</u>

See accompanying notes

YAMHILL COUNTY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2015

Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the County's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.