



**McMinnville, Oregon**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2016**

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

**For the Year Ended June 30, 2016**

**COUNTY ADMINISTRATOR**

Laura Tschabold

**BOARD OF COMMISSIONERS**

**TERM EXPIRATION**

Allen Springer

January 1, 2017

Mary Starrett

January 6, 2019

Stan Primozich

January 6, 2019

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

**OTHER ELECTED OFFICIALS**

Scott Maytubby, Assessor  
Brian Van Bergen, Clerk  
Tim Svenson, Sheriff  
Mike Green, Treasurer

**COUNTY ADDRESS**

535 E 5<sup>th</sup> Street  
McMinnville, OR 97128

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**YAMHILL COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
YAMHILL COUNTY  
McMinnville, Oregon

### **Report on 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yamhill County, as of June 30, 2016, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General, Road and Health and Human Services Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-viii and the schedules on pages 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual 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 30, 2016 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 (continued)*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2016 , 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 30, 2016

By:

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

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, 2016

As management of Yamhill County, we offer readers of the County's financial statements this narrative overview and analysis for the fiscal year ended June 30, 2016.

### Financial Highlights

- Assets exceeded liabilities at the close of the most recent fiscal year by \$155,832,194 (*net position*). The County's unrestricted net position is being reflected as a negative amount of \$1,006,720. The net pension liability in the amount of \$11,709,990 is considered an obligation of the County. This is an actuarial estimate which will be adjusted periodically. Contributions to the pension plan on behalf of the employees will be paid by the program but we are not able to reflect this charge against the restricted funds until expense has been incurred and is due. The unrestricted net position without this adjustment would be \$10,703,280. Additional information can be found in note 9 of the notes to the basic financial statements.
- Total long-term obligations increased by \$15,528,328 during the current fiscal year. There were additional draws totaling \$3,778,323 for the County's portion of the costs of the Newberg-Dundee Bypass project. GASB 68 requires that the County record its proportionate share of the Oregon PERS net pension liability. Using the current discount rate, the amount of the liability recorded was \$11,709,990. Please see Notes 5 and 9 in the notes to the financial statements for more information.
- As of the close of the fiscal year governmental funds reported combined ending fund balances of \$38,739,898, an increase of \$7,160,121 from the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,229,879, or 42.3% of total General Fund expenditures. This is an increase from the 36.4% in the prior fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which 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 the County's finances, in a manner similar to a private-sector business.

The *STATEMENT OF NET POSITION* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Yamhill County is improving or deteriorating.

The *STATEMENT OF ACTIVITIES* presents information showing how the County'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 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 is the Cove Orchard Sewer Service District.

## Management's Discussion and Analysis (Continued)

The government-wide financial statements include not only Yamhill County itself (known as the *primary* government), but also Yamhill Extension Service District for which the County is financially accountable. Financial information for this *component* unit 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 demonstrate compliance with finance-related legal requirements. All of the funds of Yamhill County can be divided into three categories: governmental, proprietary and fiduciary.

**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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road, Health and Human Services, and the Capital Improvement Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided elsewhere in this report.

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

The governmental fund financial statements can be found on pages 3 – 12 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for Cove Orchard Sewer Service District. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 13-16 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 page 17 of this report.

## Management's Discussion and Analysis (Continued)

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found pages 18-56 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 page 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 statements and schedules can be found on pages 59-95 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 \$155,832,194 at the close of the fiscal year.

By far the largest portion of the County's net position (85.6%) 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 the County's investment in 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.

#### Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 50,661,861	\$ 43,601,236	\$ 91,012	\$ 112,346	\$ 50,752,873	\$ 43,713,582
Net Pension Assets	\$ -	\$ 4,548,775	\$ -	\$ -	\$ -	\$ -
Capital assets	<u>134,150,512</u>	<u>137,337,202</u>	<u>92,084</u>	<u>78,356</u>	<u>134,242,596</u>	<u>137,415,558</u>
Total assets	<u>184,812,373</u>	<u>185,487,213</u>	<u>183,096</u>	<u>190,702</u>	<u>184,995,469</u>	<u>185,677,915</u>
<b>Deferred Outflow of Resources</b>	<u>3,264,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,264,209</u>	<u>-</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	22,948,644	7,420,316	-	-	22,948,644	7,420,316
Other liabilities	<u>5,941,530</u>	<u>5,878,441</u>	<u>554</u>	<u>2,338</u>	<u>5,942,084</u>	<u>5,880,779</u>
Total liabilities	<u>28,890,174</u>	<u>13,298,757</u>	<u>554</u>	<u>2,338</u>	<u>28,890,728</u>	<u>13,301,095</u>
<b>Deferred Inflow of Resources</b>	<u>3,536,540</u>	<u>9,230,745</u>	<u>216</u>	<u>-</u>	<u>3,536,756</u>	<u>-</u>
<b>Net assets</b>						
Net investment in capital assets	133,190,944	133,716,296	92,084	78,356	133,283,028	133,794,652
Restricted	23,465,644	18,389,751	-	-	23,465,644	18,389,751
Unrestricted	<u>(1,006,720)</u>	<u>12,378,504</u>	<u>90,242</u>	<u>110,008</u>	<u>(916,478)</u>	<u>12,488,512</u>
Total net position	<u>\$ 155,649,868</u>	<u>\$ 164,484,551</u>	<u>\$ 182,326</u>	<u>\$ 188,364</u>	<u>\$ 155,832,194</u>	<u>\$ 164,672,915</u>

A portion of Yamhill County's net position of \$155,649,868 represents resources that are subject to some restrictions on how they may be used.

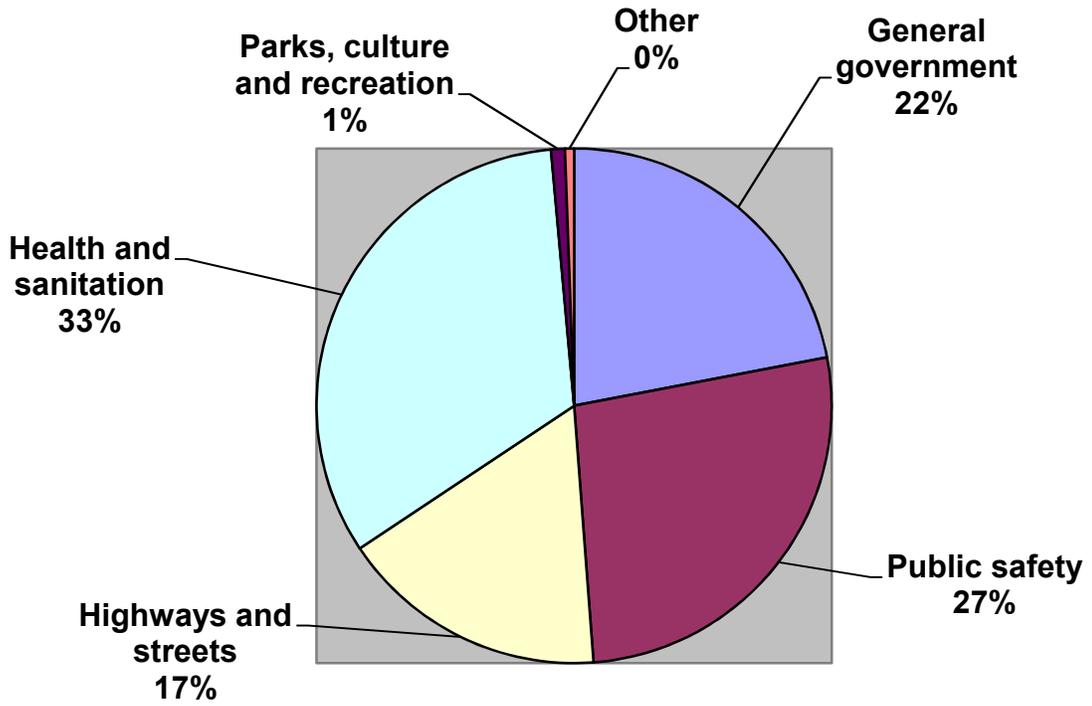
**Management’s Discussion and Analysis (Continued)**

**Governmental activities.** Governmental activities decreased Yamhill County’s net position by \$8,834,683.

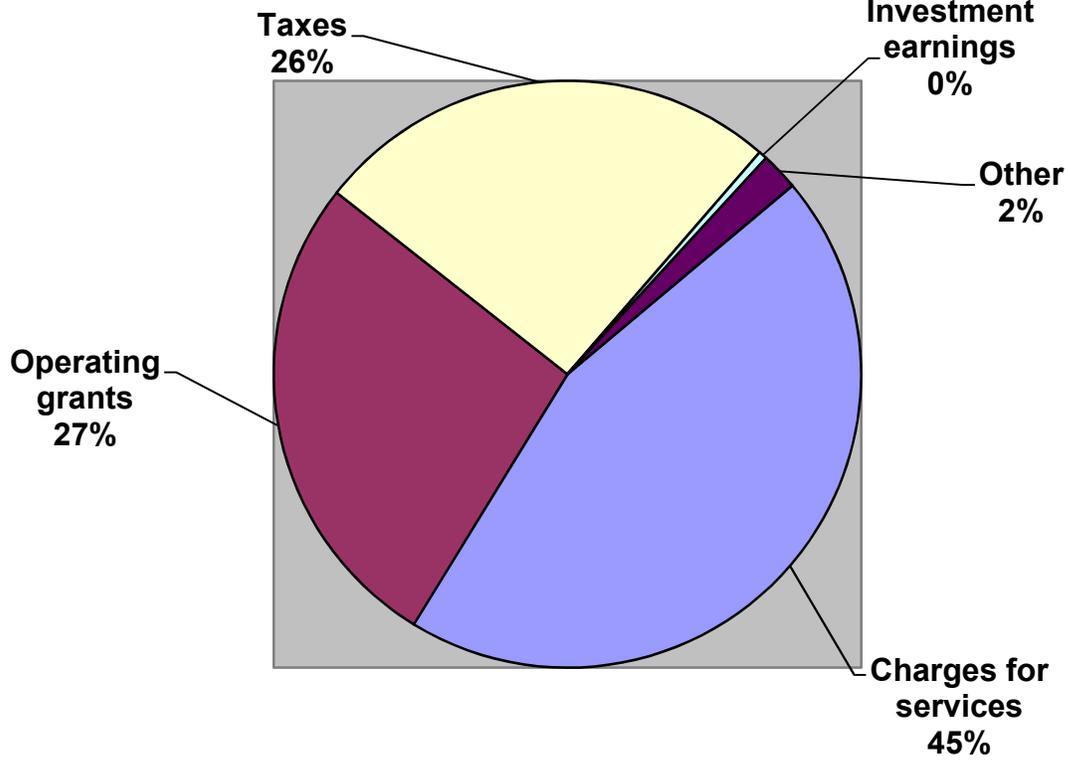
**Statement of Activities**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 35,395,030	\$ 31,223,480	\$ 48,080	\$ 48,154	\$ 35,443,110	\$ 31,271,634
Operating grants and contributions	21,194,864	18,783,079	-	-	21,194,864	18,783,079
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	20,292,378	19,598,627			20,292,378	19,598,627
Investment earnings	370,080	249,836	708	729	370,788	250,565
Gain (loss) on sale of capital assets	242,737	(189,477)	-	-	242,737	(189,477)
Miscellaneous	1,391,871	1,255,312	-	228	1,391,871	1,255,540
Total revenues	<u>78,886,960</u>	<u>70,920,857</u>	<u>48,788</u>	<u>49,111</u>	<u>78,935,748</u>	<u>70,969,968</u>
<b>Expenses</b>						
Governmental activities:						
General government	19,291,682	12,826,612	-	-	19,291,682	12,826,612
Public safety	23,506,669	19,850,299	-	-	23,506,669	19,850,299
Highways and streets	14,788,267	13,016,733	-	-	14,788,267	13,016,733
Health and sanitation	28,873,641	18,354,390	-	-	28,873,641	18,354,390
Parks, cultural and recreation	759,111	673,637	-	-	759,111	673,637
Education	408,986	417,228	-	-	408,986	417,228
Interest on long-term obligations	93,320	46,667	-	-	93,320	46,667
Sewer	-	-	54,793	52,664	54,793	52,664
Total expenses	<u>87,721,676</u>	<u>65,185,566</u>	<u>54,793</u>	<u>52,664</u>	<u>87,776,469</u>	<u>65,238,230</u>
Increase (decrease) in net position						
before transfers	(8,834,716)	5,735,291	(6,005)	(3,553)	(8,840,721)	5,731,738
Transfers	33	199	(33)	(199)	-	-
Change in net assets	(8,834,683)	5,735,490	(6,038)	(3,752)	(8,840,721)	5,731,738
Net assets at beginning of year	<u>164,484,551</u>	<u>158,749,061</u>	<u>188,364</u>	<u>192,116</u>	<u>164,672,915</u>	<u>158,941,177</u>
Net assets at end of year	<u>\$ 155,649,868</u>	<u>\$ 164,484,551</u>	<u>\$ 182,326</u>	<u>\$ 188,364</u>	<u>\$ 155,832,194</u>	<u>\$ 164,672,915</u>

**Expenses by Function - Governmental Activities**



**Governmental Activities Revenue**



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

### **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, *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, the County's governmental funds reported combined ending fund balances of \$38,739,898, an increase of \$7,160,121, which represents a 15% increase over the prior year change of \$6,213,141. \$12,239,124 of the total ending fund balances constitutes the unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted to indicate that it is not available for 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 \$13,380,156, an increase of \$2,135,703 over the previous year.

The Capital Improvement Fund is used to account for revenues and expenditures associated with major capital items and the repair and remodeling of facilities and has a fund balance of \$1,915,218 as of June 30, 2016, an increase of \$130,880.

The Health and Human Services Fund provides health service to the residents of the County and has a fund balance of \$11,467,352 as of June 30, 2016, an increase of \$2,620,539 from the prior year.

The Road Fund accounts for the receipt and expenditure of state gasoline taxes for road repair and construction and has a fund balance of \$4,515,022 as of June 30, 2016, an increase of \$1,489,210.

The remaining funds, reported as non-major, consist of various programs which have dedicated revenues either as fees for services or other sources. The combined fund balances of these programs are \$7,462,150 which has increased \$783,789 from the previous year.

### **General Fund Budgetary Highlights**

There were no major changes to the budget during fiscal 2015-16. Overall expenditures were \$30,874,247 or 16.1% less than budgeted. This can be contributed to budgeting for grants applied for, but not received and conservative budgeting by many of the County's department heads and managers. This also includes \$1,186,109 which was budgeted for contingencies and remained unused at year end.

## Management's Discussion and Analysis (Continued)

### Capital Assets and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as June 30, 2016 amounts to \$134,242,596 (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 reclassification to move an asset from building to land.

#### Yamhill County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2015	2015
Capital assets not being depreciated	\$ 49,757,565	\$ 49,366,592	\$ 78,356	\$ 78,356	\$ 49,835,921	\$ 49,444,948
Building	14,485,428	14,459,766	-	-	14,485,428	14,459,766
Machinery and equipment	5,199,581	4,672,399	-	-	5,199,581	4,672,399
Infrastructure	64,707,938	68,838,445	13,728	-	64,721,666	68,838,445
Total	<u>\$ 134,150,512</u>	<u>\$ 137,337,202</u>	<u>\$ 92,084</u>	<u>\$ 78,356</u>	<u>\$ 134,242,596</u>	<u>\$ 137,415,558</u>

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

**Long-term debt.** Oregon Department of Transportation requested a draw in fiscal 2015-16 for the Newberg-Dundee Bypass project which increased the outstanding balance to \$6,382,014. Additional long-term obligations include Oregon Economic and Community Development Department loans (\$959,568); landfill liability (\$3,391,747), and accumulated compensated absences (\$1,407,423).

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

The total long-term obligations increased by \$11,709,990 for the County's portion of the Oregon PERS liability. Information on this can be found in Note 9.

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

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

Unemployment rates continue to fall. In October 2016, the unemployment rate for Yamhill County was 5.2 percent, down from 5.3 percent in the same month in 2015. This was above the state's unemployment rate of 5.0 percent and slightly above the national average of 4.9 percent.

Businesses in the county include a steel rolling mill, a large baked-goods plant, a major dental equipment manufacturer and a cooperative creamery. The closing of the Newberg newsprint company and layoffs at the steel mill were unfortunate, but according to Work Source Oregon, the decline in unemployment despite these factors is a strong indicator of economic health. (News Register, May 2016) There are several large national chain stores in the county, but overall the community takes pride in supporting local businesses.

Wineries continue to be a big tourism draw in addition to other tourist related businesses - restaurants, bed and breakfasts, tasting rooms and small specialty shops. The increasing presence of Kendall-Jackson and its subsidiary, Jackson family Wines, will impact the county's growing wine industry. The Allison Inn, located in Newberg, continues as a destination place for visitors interested in wine tourism. The 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 2015-16 and the first quarter of 2016-17, but has seen some slowing in development for the second quarter.

### **Request for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**YAMHILL COUNTY**

**STATEMENT OF NET POSITION**

**June 30, 2016**

	Governmental Activities	Business-type Activities	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 45,637,328	\$ 69,836	\$ 45,707,164
Receivables	4,748,700	21,176	4,769,876
Inventory	179,811	-	179,811
Prepaid items	96,022	-	96,022
Capital assets:			
Land, right-of-way, and gravel roads	49,757,565	78,356	49,835,921
Other capital assets, net	<u>84,392,947</u>	<u>13,728</u>	<u>84,406,675</u>
<b>TOTAL ASSETS</b>	<u>184,812,373</u>	<u>183,096</u>	<u>184,995,469</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related items	<u>3,264,209</u>	<u>-</u>	<u>3,264,209</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	1,424,515	353	1,424,868
Payroll and related liabilities	2,013,588	201	2,013,789
Deposits payable	51,821	-	51,821
Bond premium, net	29,250	-	29,250
Long-term obligations:			
Due within one year	2,422,356	-	2,422,356
Due in more than one year	<u>22,948,644</u>	<u>-</u>	<u>22,948,644</u>
<b>TOTAL LIABILITIES</b>	<u>28,890,174</u>	<u>554</u>	<u>28,890,728</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related items	3,494,305	-	3,494,305
Unavailable revenue	<u>42,235</u>	<u>216</u>	<u>42,451</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,536,540</u>	<u>216</u>	<u>3,536,756</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	133,190,944	92,084	133,283,028
Restricted for:			
Highways and streets	4,538,308	-	4,538,308
Schools and education	105,000	-	105,000
Health services	15,254,281	-	15,254,281
Grants	75,827	-	75,827
Public safety	2,271,986	-	2,271,986
Capital projects	255,854	-	255,854
Other purposes	964,388	-	964,388
Unrestricted	<u>(1,006,720)</u>	<u>90,242</u>	<u>(916,478)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 155,649,868</u>	<u>\$ 182,326</u>	<u>\$ 155,832,194</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016**

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	
<b>Governmental activities</b>						
General government	\$ 19,291,682	\$ 9,088,885	\$ 3,988,954	\$ (6,213,843)		\$ (6,213,843)
Public safety	23,506,669	1,547,377	4,354,093	(17,605,199)		(17,605,199)
Highways and streets	14,788,267	189,717	7,299,077	(7,299,473)		(7,299,473)
Health and sanitation	28,873,641	24,133,635	5,403,683	663,677		663,677
Parks, culture and recreation	759,111	435,416	97,167	(226,528)		(226,528)
Education	408,986	-	51,890	(357,096)		(357,096)
Interest on long-term obligations	93,320	-	-	(93,320)		(93,320)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>87,721,676</b>	<b>35,395,030</b>	<b>21,194,864</b>	<b>(31,131,782)</b>		<b>(31,131,782)</b>
<b>Business-type activities</b>						
Sewer	54,793	48,080	-		\$ (6,713)	(6,713)
<b>Totals</b>	<b>\$ 87,776,469</b>	<b>\$ 35,443,110</b>	<b>\$ 21,194,864</b>	<b>(31,131,782)</b>	<b>(6,713)</b>	<b>(31,138,495)</b>
<b>General revenues</b>						
Taxes				20,292,378	-	20,292,378
Franchise and miscellaneous taxes				28,578	-	28,578
Investment earnings				370,080	708	370,788
Miscellaneous				1,363,293	-	1,363,293
Gain on sale of capital assets				242,737	-	242,737
<b>Transfers</b>				33	(33)	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<b>22,297,099</b>	<b>675</b>	<b>22,297,774</b>
<b>CHANGES IN NET POSITION</b>				<b>(8,834,683)</b>	<b>(6,038)</b>	<b>(8,840,721)</b>
<b>NET POSITION - BEGINNING</b>				<b>164,484,551</b>	<b>188,364</b>	<b>164,672,915</b>
<b>NET POSITION - ENDING</b>				<b>\$ 155,649,868</b>	<b>\$ 182,326</b>	<b>\$ 155,832,194</b>

*See accompanying notes*

**YAMHILL COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	General	Road	Health and Human Services	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and investments	\$ 13,820,448	\$ 4,463,892	\$ 11,551,084	\$ 2,810,242	\$ 7,205,760	\$ 39,851,426
Receivables	2,883,652	552,707	1,022,292	88,711	163,837	4,711,199
Inventory	-	179,811	-	-	-	179,811
Prepaid items	18,300	-	-	-	72,616	90,916
Advances to other funds	-	-	-	-	447,580	447,580
<b>TOTAL ASSETS</b>	<b>\$ 16,722,400</b>	<b>\$ 5,196,410</b>	<b>\$ 12,573,376</b>	<b>\$ 2,898,953</b>	<b>\$ 7,889,793</b>	<b>\$ 45,280,932</b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 380,921	\$ 560,617	\$ 303,657	\$ 23,310	\$ 150,797	\$ 1,419,302
Payroll and related liabilities	897,684	108,821	802,367	20,412	173,096	2,002,380
Deposits	15,797	11,950	-	-	24,074	51,821
Advances from other funds	-	-	-	934,013	13,076	947,089
<b>TOTAL LIABILITIES</b>	<b>1,294,402</b>	<b>681,388</b>	<b>1,106,024</b>	<b>977,735</b>	<b>361,043</b>	<b>4,420,592</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Unavailable revenue	2,047,842	-	-	6,000	66,600	2,120,442
<b><u>FUND BALANCES</u></b>						
Nonspendable	18,300	179,811	-	-	72,616	270,727
Restricted	-	4,335,211	11,467,352	-	7,380,289	23,182,852
Assigned	1,131,977	-	-	1,915,218	-	3,047,195
Unassigned	12,229,879	-	-	-	9,245	12,239,124
<b>TOTAL FUND BALANCES</b>	<b>13,380,156</b>	<b>4,515,022</b>	<b>11,467,352</b>	<b>1,915,218</b>	<b>7,462,150</b>	<b>38,739,898</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 16,722,400</b>	<b>\$ 5,196,410</b>	<b>\$ 12,573,376</b>	<b>\$ 2,898,953</b>	<b>\$ 7,889,793</b>	

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

Governmental activities report a net pension liability which is not reported in the fund	(11,709,990)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	134,150,512
Governmental activities report as deferred outflows of resources contributions to the public employees retirement systems for the year	3,264,209
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds	2,078,207
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	\$ 6,295,204
Plus: compensated absences of the internal service fund included below	<u>16,393</u> 6,311,597
The bond premium is reported in the statement of net position but is not reported in the funds	(29,250)
The net post-employment benefits obligation is reported in the statement of net position but is not reported in the funds	(1,520,258)
Some liabilities, including compensated absences, capital leases payable and bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(12,140,752)
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>(3,494,305)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 155,649,868

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	General	Road	Health and Human Services	Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 19,963,242	\$ -	\$ -	\$ -	\$ 343,116	\$ 20,306,358
Miscellaneous taxes	19,061	-	-	-	9,517	28,578
Licenses, permits and fees	1,180,070	56,934	287,618	-	291,306	1,815,928
Intergovernmental	4,339,987	7,299,077	5,403,683	149,700	4,230,250	21,422,697
Charges for services	7,621,019	132,783	22,631,883	187,147	2,192,138	32,764,970
Fines and forfeitures	394,908	-	24,354	-	42,343	461,605
Interest	125,357	27,792	89,185	22,266	59,784	324,384
Other	360,619	42,284	238,674	3,383	450,271	1,095,231
<b>TOTAL REVENUES</b>	<u>34,004,263</u>	<u>7,558,870</u>	<u>28,675,397</u>	<u>362,496</u>	<u>7,618,725</u>	<u>78,219,751</u>
<b>EXPENDITURES</b>						
Current						
General government	12,451,835	-	-	1,281,847	289,793	14,023,475
Public safety	15,524,098	-	-	73,427	3,939,311	19,536,836
Parks, culture, and recreation	204,233	-	-	-	485,361	689,594
Highways and streets	-	4,400,064	-	-	138	4,400,202
Health and welfare	344,567	-	24,739,758	-	514,160	25,598,485
Education	-	-	-	-	61,494	61,494
Capital outlay	387,941	1,968,566	755,954	824,158	391,824	4,328,443
Debt service	-	48,821	-	101,300	-	150,121
<b>TOTAL EXPENDITURES</b>	<u>28,912,674</u>	<u>6,417,451</u>	<u>25,495,712</u>	<u>2,280,732</u>	<u>5,682,081</u>	<u>68,788,650</u>
Excess (deficiency) of revenues over expenditures	<u>5,091,589</u>	<u>1,141,419</u>	<u>3,179,685</u>	<u>(1,918,236)</u>	<u>1,936,644</u>	<u>9,431,101</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,180,529	940,813	1,827,948	2,214,236	724,695	7,888,221
Transfers out	<u>(5,136,415)</u>	<u>(593,022)</u>	<u>(2,387,094)</u>	<u>(165,120)</u>	<u>(1,877,550)</u>	<u>(10,159,201)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,955,886)</u>	<u>347,791</u>	<u>(559,146)</u>	<u>2,049,116</u>	<u>(1,152,855)</u>	<u>(2,270,980)</u>
Net change in fund balances	2,135,703	1,489,210	2,620,539	130,880	783,789	7,160,121
Fund balances at beginning of year	<u>11,244,453</u>	<u>3,025,812</u>	<u>8,846,813</u>	<u>1,784,338</u>	<u>6,678,361</u>	<u>31,579,777</u>
Fund balances at end of year	<u>\$ 13,380,156</u>	<u>\$ 4,515,022</u>	<u>\$ 11,467,352</u>	<u>\$ 1,915,218</u>	<u>\$ 7,462,150</u>	<u>\$ 38,739,898</u>

*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, 2016**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 7,160,121
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</i>		
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	\$ 4,909,366	
Depreciation	<u>(7,926,893)</u>	(3,017,527)
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(169,163)
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	(206,503)	
Other	<u>240,552</u>	34,049
The change in net other post-employment benefits is reported as additional expenses in the statement of activities		
		(94,948)
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		(3,778,323)
Amortization of bond premium		2,250
Principal payments		54,551
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	1,737,369	
Change in net pension asset or liability	(16,258,765)	
Change in deferred inflows of resources	<u>5,701,426</u>	(8,819,970)
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		(54,637)
Net income of internal service funds after eliminating transfers and income reported above		
		<u>(151,086)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (8,834,683)</u>

*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, 2016**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 19,191,278	\$ 19,191,278	\$ 19,963,242	\$ 771,964
Miscellaneous taxes	15,000	15,000	19,061	4,061
Licenses and permits	769,575	769,575	1,180,070	410,495
Intergovernmental	6,493,214	6,493,214	4,334,319	(2,158,895)
Charges for services	8,568,334	8,568,334	9,183,994	615,660
Fines and forfeitures	209,849	209,849	237,999	28,150
Interest earnings	45,611	45,611	112,827	67,216
Other	365,692	365,692	360,619	(5,073)
<b>TOTAL REVENUES</b>	<u>35,658,553</u>	<u>35,658,553</u>	<u>35,392,131</u>	<u>(266,422)</u>
<b>EXPENDITURES</b>				
Administrative Services				
Personnel services	1,065,826	1,065,826	1,035,852	29,974
Materials and services	588,966	113,966	78,402	35,564
<b>Total Administrative Services</b>	<u>1,654,792</u>	<u>1,179,792</u>	<u>1,114,254</u>	<u>65,538</u>
Assessor				
Personnel services	1,655,212	1,655,212	1,248,194	407,018
Materials and services	229,114	229,114	224,672	4,442
<b>Total Assessor</b>	<u>1,884,326</u>	<u>1,884,326</u>	<u>1,472,866</u>	<u>411,460</u>
Board of Commissioners				
Personnel services	426,671	426,671	413,731	12,940
Materials and services	67,397	67,397	47,347	20,050
<b>Total Board of Commissioners</b>	<u>494,068</u>	<u>494,068</u>	<u>461,078</u>	<u>32,990</u>
Clerk				
Personnel services	521,166	521,166	477,370	43,796
Materials and services	300,798	300,798	273,458	27,340
Capital outlay	3,500	3,500	12,250	(8,750)
<b>Total Clerk</b>	<u>825,464</u>	<u>825,464</u>	<u>763,078</u>	<u>62,386</u>
Information Systems				
Personnel services	974,392	974,392	951,390	23,002
Materials and services	297,719	322,719	321,975	744
Capital outlay	167,500	317,500	327,078	(9,578)
<b>Total Information Systems</b>	<u>1,439,611</u>	<u>1,614,611</u>	<u>1,600,443</u>	<u>14,168</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		
<b>EXPENDITURES (Continued)</b>				
District Attorney				
Personnel services	\$ 1,916,903	\$ 1,916,903	\$ 1,820,713	\$ 96,190
Materials and services	315,716	315,716	319,816	(4,100)
Capital outlay	15,000	15,000	-	15,000
Total District Attorney	<u>2,247,619</u>	<u>2,247,619</u>	<u>2,140,529</u>	<u>107,090</u>
Planning				
Personnel services	1,270,444	1,270,444	1,108,382	162,062
Materials and services	396,354	396,354	428,046	(31,692)
Total Planning	<u>1,666,798</u>	<u>1,666,798</u>	<u>1,536,428</u>	<u>130,370</u>
Surveyor				
Personnel services	58,755	58,755	52,519	6,236
Materials and services	5,926	5,926	4,651	1,275
Total Surveyor	<u>64,681</u>	<u>64,681</u>	<u>57,170</u>	<u>7,511</u>
Support Enforcement				
Personnel services	442,745	442,745	430,376	12,369
Materials and services	37,968	37,968	26,368	11,600
Total Support Enforcement	<u>480,713</u>	<u>480,713</u>	<u>456,744</u>	<u>23,969</u>
Treasurer				
Personnel services	33,982	33,982	33,058	924
Materials and services	4,004	4,004	2,324	1,680
Total Treasurer	<u>37,986</u>	<u>37,986</u>	<u>35,382</u>	<u>2,604</u>
County Counsel				
Personnel services	362,213	362,213	334,129	28,084
Materials and services	51,429	51,429	36,228	15,201
Total County Counsel	<u>413,642</u>	<u>413,642</u>	<u>370,357</u>	<u>43,285</u>
Transportation				
Personnel services	67,752	67,752	9	67,743
Materials and services	2,227,288	2,227,288	2,011,986	215,302
Capital outlay	1,056,165	1,056,165	3,760	1,052,405
Total Transportation	<u>3,351,205</u>	<u>3,351,205</u>	<u>2,015,755</u>	<u>1,335,450</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		
<b>EXPENDITURES (Continued)</b>				
Non-departmental				
Materials and services	\$ 662,172	\$ 712,172	\$ 609,738	\$ 102,434
Emergency Management				
Personnel services	173,604	173,604	144,472	29,132
Materials and services	174,349	174,349	51,625	122,724
Total Emergency Management	347,953	347,953	196,097	151,856
Jail				
Personnel services	4,172,541	4,172,541	3,915,177	257,364
Materials and services	939,754	1,089,754	872,586	217,168
Total Jail	5,112,295	5,262,295	4,787,763	474,532
Marine				
Personnel services	82,641	82,641	76,097	6,544
Materials and services	39,084	39,084	33,380	5,704
Total Marine	121,725	121,725	109,477	12,248
Sheriff				
Personnel services	5,198,601	5,198,601	4,645,852	552,749
Materials and services	4,215,726	4,365,726	4,192,932	172,794
Capital outlay	15,000	15,000	5,614	9,386
Total Sheriff	9,429,327	9,579,327	8,844,398	734,929
911/Dispatch Services				
Materials and services	643,072	643,072	634,490	8,582
Mediation Services				
Materials and services	97,509	97,509	85,608	11,901
Narcotics Investigation				
Personnel services	46,806	46,806	18,139	28,667
Materials and services	60,550	60,550	26,900	33,650
Capital outlay	20,000	20,000	-	20,000
Total Narcotics Investigation	127,356	127,356	45,039	82,317

*Continued on next page*

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

	Budget		Actual	Variance
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Juvenile Department				
Personnel services	\$ 1,236,727	\$ 1,236,727	\$ 1,147,811	\$ 88,916
Materials and services	188,404	188,404	170,421	17,983
Total Juvenile Department	1,425,131	1,425,131	1,318,232	106,899
Juvenile Detention				
Personnel services	1,411,705	1,411,705	1,321,936	89,769
Materials and services	199,008	199,008	181,272	17,736
Capital outlay	10,000	10,000	13,286	(3,286)
Total Juvenile Detention	1,620,713	1,620,713	1,516,494	104,219
Parks				
Personnel services	144,587	144,587	127,763	16,824
Materials and services	719,182	719,182	104,211	614,971
Capital outlay	20,000	20,000	25,953	(5,953)
Total Parks	883,769	883,769	257,927	625,842
Courthouse Security				
Personnel services	233,555	233,555	216,508	17,047
Materials and services	71,048	71,048	70,010	1,038
Total Courthouse Security	304,603	304,603	286,518	18,085
Radio System				
Materials and services	210,000	210,000	158,382	51,618
Capital outlay	50,000	50,000	-	50,000
Total Radio System	260,000	260,000	158,382	101,618
Contingency	1,248,609	1,186,109	-	1,186,109
<b>TOTAL EXPENDITURES</b>	<b>36,845,139</b>	<b>36,832,639</b>	<b>30,874,247</b>	<b>5,958,392</b>
Excess (deficiency) of revenues over expenditures	(1,186,586)	(1,174,086)	4,517,884	5,691,970
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	109,000	109,000	134,000	25,000
Transfers out	(2,798,535)	(2,811,035)	(2,811,035)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,689,535)</b>	<b>(2,702,035)</b>	<b>(2,677,035)</b>	<b>25,000</b>
Net change in fund balance	(3,876,121)	(3,876,121)	1,840,849	5,716,970
Fund balance at beginning of year	7,745,215	7,745,215	9,593,769	1,848,554
Fund balance at end of year	\$ 3,869,094	\$ 3,869,094	\$ 11,434,618	\$ 7,565,524

*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, 2016**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 52,500	\$ 56,934	\$ 4,434
Intergovernmental	6,719,128	7,299,077	579,949
Charges for services	1,008,647	1,073,596	64,949
Interest earnings	12,200	27,792	15,592
Other	<u>37,000</u>	<u>42,284</u>	<u>5,284</u>
<b>TOTAL REVENUES</b>	<u>7,829,475</u>	<u>8,499,683</u>	<u>670,208</u>
<b>EXPENDITURES</b>			
Motor Vehicle			
Personnel services	607,133	579,500	27,633
Materials and services	<u>1,007,965</u>	<u>675,739</u>	<u>332,226</u>
Total Motor Vehicle	<u>1,615,098</u>	<u>1,255,239</u>	<u>359,859</u>
Engineering			
Personnel services	145,459	132,489	12,970
Materials and services	<u>37,019</u>	<u>42,484</u>	<u>(5,465)</u>
Total Engineering	<u>182,478</u>	<u>174,973</u>	<u>7,505</u>
Road			
Personnel services	1,890,155	1,724,950	165,205
Materials and services	2,201,985	1,886,745	315,240
Capital outlay	<u>2,773,500</u>	<u>1,968,566</u>	<u>804,934</u>
Total Road	<u>6,865,640</u>	<u>5,580,261</u>	<u>1,285,379</u>
Contingency	<u>506,150</u>	<u>-</u>	<u>506,150</u>
<b>TOTAL EXPENDITURES</b>	<u>9,169,366</u>	<u>7,010,473</u>	<u>2,158,893</u>
Net change in fund balance	(1,339,891)	1,489,210	2,829,101
Fund balance at beginning of year	<u>2,438,692</u>	<u>3,025,812</u>	<u>587,120</u>
Fund balance at end of year	<u>\$ 1,098,801</u>	<u>\$ 4,515,022</u>	<u>\$ 3,416,221</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, 2016**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 285,339	\$ 287,618	\$ 2,279
Intergovernmental	6,987,674	5,403,683	(1,583,991)
Charges for services	22,700,900	22,839,608	138,708
Fines and penalties	42,660	24,354	(18,306)
Interest earnings	32,000	89,185	57,185
Other	<u>111,962</u>	<u>238,674</u>	<u>126,712</u>
<b>TOTAL REVENUES</b>	<u>30,160,535</u>	<u>28,883,122</u>	<u>(1,277,413)</u>
<b>EXPENDITURES</b>			
Community Health			
Personnel services	1,806,641	1,521,598	285,043
Materials and services	1,205,445	915,101	290,344
Capital outlay	<u>1,866</u>	<u>6,400</u>	<u>(4,534)</u>
Total Community Health	<u>3,013,952</u>	<u>2,443,099</u>	<u>570,853</u>
Developmentally Disabled			
Personnel services	1,333,711	1,326,296	7,415
Materials and services	691,196	565,310	125,886
Capital outlay	<u>1,436</u>	<u>-</u>	<u>1,436</u>
Total Developmentally Disabled	<u>2,026,343</u>	<u>1,891,606</u>	<u>134,737</u>
Abacus			
Personnel services	2,679,589	2,242,867	436,722
Materials and services	742,848	737,204	5,644
Capital outlay	<u>78,162</u>	<u>64,652</u>	<u>13,510</u>
Total Abacus	<u>3,500,599</u>	<u>3,044,723</u>	<u>455,876</u>
Family and Youth			
Personnel services	3,801,031	3,437,470	363,561
Materials and services	846,678	842,580	4,098
Capital outlay	<u>4,120</u>	<u>-</u>	<u>4,120</u>
Total Family and Youth	<u>4,651,829</u>	<u>4,280,050</u>	<u>371,779</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
<b>EXPENDITURES (Continued)</b>			
HHS Central Services			
Personnel services	\$ 661,249	\$ 641,063	\$ 20,186
Materials and services	6,542,208	4,631,506	1,910,702
Capital outlay	<u>730,687</u>	<u>582,121</u>	<u>148,566</u>
Total HHS Central Services	<u>7,934,144</u>	<u>5,854,690</u>	<u>2,079,454</u>
Enhanced Care Facility			
Personnel services	1,670,445	1,572,697	97,748
Materials and services	316,961	243,175	73,786
Capital outlay	<u>1,792</u>	<u>-</u>	<u>1,792</u>
Total Enhanced Care Facility	<u>1,989,198</u>	<u>1,815,872</u>	<u>173,326</u>
Adult Behavioral Health			
Personnel services	6,461,522	6,098,397	363,125
Materials and services	2,323,934	2,351,588	(27,654)
Capital outlay	<u>52,936</u>	<u>102,781</u>	<u>(49,845)</u>
Total Adult Behavioral Health	<u>8,838,392</u>	<u>8,552,766</u>	<u>285,626</u>
Contingency	<u>750,000</u>	<u>-</u>	<u>750,000</u>
<b>TOTAL EXPENDITURES</b>	<u>32,704,457</u>	<u>27,882,806</u>	<u>4,821,651</u>
Excess (deficiency) of revenues over expenditures	(2,543,922)	1,000,316	3,544,238
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>1,620,223</u>	<u>1,620,223</u>	<u>-</u>
Net change in fund balance	(923,699)	2,620,539	3,544,238
Fund balance at beginning of year	<u>5,666,033</u>	<u>8,846,813</u>	<u>3,180,780</u>
Fund balance at end of year	<u>\$ 4,742,334</u>	<u>\$ 11,467,352</u>	<u>\$ 6,725,018</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2016**

	Business-type Activities <u>Cove Orchard Sewer</u>	Governmental Activities <u>Internal Service Funds</u>
<b><u>ASSETS</u></b>		
Current assets		
Cash and investments	\$ 69,836	\$ 5,785,902
Receivables	21,176	37,501
Prepaid items	-	5,106
Due from other funds	-	499,509
	<hr/>	<hr/>
Total current assets	91,012	6,328,018
Capital assets		
Land	78,356	-
Other capital assets, net	13,728	-
	<hr/>	<hr/>
Total capital assets	92,084	-
	<hr/>	<hr/>
TOTAL ASSETS	183,096	6,328,018
	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	353	5,224
Payroll and related liabilities	201	11,197
Compensated absences payable	-	16,393
	<hr/>	<hr/>
TOTAL LIABILITIES	554	32,814
	<hr/>	<hr/>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue	216	-
	<hr/>	<hr/>
<b><u>NET POSITION</u></b>		
Investment in capital assets	92,084	-
Unrestricted	90,242	6,295,204
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 182,326	\$ 6,295,204
	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2016**

	Business-type Activities <u>Cove Orchard Sewer</u>	Governmental Activities <u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 48,080	\$ 73,629
Other	<u>-</u>	<u>268,062</u>
<b>TOTAL OPERATING REVENUES</b>	<u>48,080</u>	<u>341,691</u>
<b>OPERATING EXPENSES</b>		
Personnel services	6,271	263,189
Materials and services	47,077	1,814,126
Depreciation	<u>1,445</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>54,793</u>	<u>2,077,315</u>
Operating (loss)	<u>(6,713)</u>	<u>(1,735,624)</u>
<b>NONOPERATING REVENUES</b>		
Proceeds from sale of capital assets	-	411,900
Investment earnings	<u>708</u>	<u>45,696</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>708</u>	<u>457,596</u>
(Loss) before transfers	(6,005)	(1,278,028)
Transfers in	64	2,626,540
Transfers out	<u>(97)</u>	<u>(1,499,598)</u>
Change in net position	(6,038)	(151,086)
Net position - beginning	<u>188,364</u>	<u>6,446,290</u>
Net position - ending	<u>\$ 182,326</u>	<u>\$ 6,295,204</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2016**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Cove Orchard Sewer	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 47,298	\$ -
Receipts from other funds	64	2,511,063
Other receipts	-	265,748
Payments for interfund services provided	(97)	(179,640)
Payments to suppliers of goods or services	(48,768)	(1,817,723)
Payments to employees for services	<u>(6,364)</u>	<u>(264,454)</u>
Net cash provided by (used in) operating activities	<u>(7,867)</u>	<u>514,994</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	125,000
Transfers out	<u>-</u>	<u>(1,000)</u>
Net cash provided by operating activities	<u>-</u>	<u>124,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(15,173)	(1,144,071)
Proceeds from sale of capital assets	-	411,900
Repayment of advances to other funds	-	91,931
Interest on advances to other funds	-	2,858
Transfers in	-	34,006
Transfers out	<u>-</u>	<u>(174,887)</u>
Net cash (used in) capital and related financing activities	<u>(15,173)</u>	<u>(778,263)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>-</u>	<u>45,694</u>
Net (decrease) in cash and cash equivalents	(23,040)	(93,575)
Cash and cash equivalents - beginning of year	<u>92,168</u>	<u>5,879,477</u>
Cash and cash equivalents - end of year	<u>\$ 69,128</u>	<u>\$ 5,785,902</u>

*Continued on next page*

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

	Business-type Activities	Governmental Activities
	Cove Orchard Sewer	Internal Service Funds
<b>Reconciliation of operating (loss) to net cash provided by (used in) operating activities</b>		
Operating (loss)	\$ (6,713)	\$ (1,735,624)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities		
Transfers in for interfund charges	64	2,464,676
Transfers out for interfund charges	(97)	(179,640)
Depreciation	1,445	-
(Increase) decrease in assets:		
Receivables	(998)	(29,556)
Prepaid items	-	20,989
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(1,691)	(24,586)
Payroll and related liabilities	(93)	1,769
Compensated absences payable	-	(3,034)
Increase (decrease) in deferred inflows of resources		
Unavailable revenue	<u>216</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (7,867)</u>	<u>\$ 514,994</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>		
Transfers out	<u>\$ -</u>	<u>\$ (1,144,071)</u>

*See accompanying notes*

**YAMHILL COUNTY**

**STATEMENT OF NET POSITION  
FUDICIARY FUNDS  
June 30, 2016**

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,451,496
Property taxes receivable	<u>9,260,498</u>
 TOTAL ASSETS	 <u>\$ 10,711,994</u>
<b><u>LIABILITIES</u></b>	
Intergovernmental payables	\$ 10,659,123
Amounts held in trust	<u>52,871</u>
 TOTAL LIABILITIES	 <u>\$ 10,711,994</u>

*See accompanying notes*

**YAMHILL COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

**1. Summary of significant accounting policies**

**A. The reporting entity**

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

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

Special revenue fund:

    Yamhill County Extension Service District (Extension)

Enterprise fund:

    Cove Orchard Sewer Service District (Cove Orchard Sewer)

Blended component units, although legally separate entities, are, in substance, part of the County's operations and therefore, are combined with data of the primary government. Their separately issued financial statements may be obtained from the County.

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

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

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

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

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

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### 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.

*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 the 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. Inventories

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

#### J. Capital assets

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

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

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

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

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

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

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

### **1. Summary of significant accounting policies (continued)**

#### **K. Long-term obligations**

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

#### **L. Solid waste landfill post-closure care liabilities**

The County owns two landfills and is responsible for their maintenance costs per DEQ. The two landfills are the Whiteson landfill which closed in 1983 and the Newberg landfill which closed in 1985. The County has received 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 (a nonmajor governmental special revenue 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)

#### M. 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

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

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

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

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

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

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

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

### **1. Summary of significant accounting policies (continued)**

#### **M. 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.

#### **N. Compensated absences**

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

#### **O. Pensions**

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

#### **P. Deferred outflows / inflows of resources**

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### P. Deferred outflows / inflows of resources (continued)

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

### 2. 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.

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.

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

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

- a. Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate market risk.
- b. To the extent feasible, investment maturities not matched with cash outflows, including liquidity investments under eighteen months, should be staggered to mitigate reinvestment risk

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Deposits and investments (continued)

#### *Interest Rate Risk (continued)*

- c. No commitments to buy or sell securities may be made more than 14 days prior to the anticipated settlement date, or receive a fee other than interest for future deliveries.
- d. The maximum percent of callable securities in the portfolio shall be 85%.
- e. The maximum stated final maturities of individual securities in the portfolio shall be five years, except when otherwise stated in the County's formal investment policy.
- f. The maximum portfolio average weighted maturity exclusive of Reserve or Capital Improvements Project monies measured with stated final maturity shall not exceed 4 years. Callable bonds will be calculated using their final maturity dates rather than their callable dates. LGIP and other money market investments shall be excluded from the average weighted maturity calculation.

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

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

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

The County's investment in the LGIP (a 2a7-like external investment pool) are measured at amortized cost, which is generally equivalent to fair value.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Deposits and investments (continued)

As of June 30, 2016, the County had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
LGIP		\$ 30,876,124	68.98%	N/A
US Agencies				
	AAA/AA+	8,330,795		50.93
	Unrated/ AA+	<u>150,000</u>		55.46
		<u>8,480,795</u>	18.95%	
Corporate Bonds				
	AAA/AA+	130,000		68.21
	Aa1/AA+	280,000		82.12
	Aa2/AA	150,000		81.39
	Aa2/AA-	860,000		49.00
	Aa2/A+	300,000		46.38
	Aa3/AA-	910,000		40.07
	Aa3/A+	250,000		12.24
	A1/AA+	223,000		87.60
	A1/AA	279,000		37.09
	A1/AA-	200,000		7.03
	A2/A	575,000		31.12
	A3/A-	<u>350,000</u>		49.40
		<u>4,507,000</u>	10.07%	
Municipal				
	Aa1/AA+	250,000		60.45
	Aa1/Unrated	300,000		61.08
	Aa3/Unrated	250,000		48.03
	A1/AA	<u>100,000</u>		6.08
		<u>900,000</u>	2.01%	
Total Investments		<u>\$ 44,763,919</u>		

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

*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, 2016, \$2,923,770 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Deposits and investments (continued)

A. The County's deposits and investments at June 30, 2016 are as follows:

Total investments	\$ 44,763,919
Cash with fiscal agents	76,026
Cash on hand	10,985
Deposits with financial institutions	<u>2,307,730</u>
	<u>\$ 47,158,660</u>

B. Cash and investments by fund:

<u>Governmental activities/funds</u>	
General	\$ 13,820,448
Road	4,463,892
Health and Human Services	11,551,084
Capital Improvement	2,810,242
Nonmajor	<u>7,205,760</u>
Total governmental funds	39,851,426
Internal Service funds	<u>5,785,902</u>
Total governmental activities	45,637,328
<u>Business-type activities/Proprietary fund</u>	
Cove Orchard Sewer	69,836
<u>Fiduciary funds</u>	
Agency	<u>1,451,496</u>
Total cash and investments	<u>\$ 47,158,660</u>

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

**3. Receivables**

A. The County's receivables at June 30, 2016 are as follows:

	General	Road	Health and Human Services	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 1,860,361	\$ -	\$ -	\$ -	\$ 32,085	\$ 1,892,446
Grants	722,423	-	184,368	-	-	906,791
Accounts	<u>300,868</u>	<u>552,707</u>	<u>837,924</u>	<u>88,711</u>	<u>131,752</u>	<u>1,911,962</u>
	<u>\$ 2,883,652</u>	<u>\$ 552,707</u>	<u>\$ 1,022,292</u>	<u>\$ 88,711</u>	<u>\$ 163,837</u>	<u>\$ 4,711,199</u>

	Internal Service Funds	Total Governmental Activities	Proprietary Fund Cove Orchard Sewer	Fiduciary Fund Agency	Totals
Property taxes	\$ -	\$ 1,892,446	\$ -	\$ 9,260,498	\$ 11,152,944
Grants	-	906,791	-	-	906,791
Accounts	<u>37,501</u>	<u>1,949,463</u>	<u>21,176</u>	<u>-</u>	<u>1,970,639</u>
	<u>\$ 37,501</u>	<u>\$ 4,748,700</u>	<u>\$ 21,176</u>	<u>\$ 9,260,498</u>	<u>\$ 14,030,374</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.

ii. Ensuing year's levies

The permanent tax rates per \$1,000 of assessed value as limited by the Constitution of the State of Oregon for the various funds are as follows:

General	\$2.5775
Yamhill County Extension Service District	.0449

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)

### 4. Capital assets

- A. Capital asset activity for the governmental activities for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Reclass	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 2,583,515	\$ 171,290	\$213,713	\$ -	\$ 2,968,518
Right of way	27,634,277	5,970	-	-	27,640,247
Gravel roads	19,148,800	-	-	-	19,148,800
Total capital assets, not being depreciated	<u>49,366,592</u>	<u>177,260</u>	<u>213,713</u>	<u>-</u>	<u>49,757,565</u>
Capital assets, being depreciated:					
Buildings	21,992,928	777,922	(213,713)	-	22,557,137
Machinery and equipment	17,302,106	2,090,962	-	1,060,589	18,332,479
Infrastructure	364,465,282	1,863,222	-	-	366,328,504
Total capital assets being depreciated	<u>403,760,316</u>	<u>4,732,106</u>	<u>(213,713)</u>	<u>1,060,589</u>	<u>407,218,120</u>
Less accumulated depreciation for:					
Buildings	7,533,162	538,547	-	-	8,071,709
Machinery and equipment	12,629,707	1,394,617	-	891,426	13,132,898
Infrastructure	295,626,837	5,993,729	-	-	301,620,566
Total accumulated depreciation	<u>315,789,706</u>	<u>7,926,893</u>	<u>-</u>	<u>891,426</u>	<u>322,825,173</u>
Total capital assets, being depreciated, net	<u>87,970,610</u>	<u>(3,194,787)</u>	<u>(213,713)</u>	<u>169,163</u>	<u>84,392,947</u>
Total capital assets, net	<u>\$ 137,337,202</u>	<u>\$ (3,017,527)</u>	<u>\$ -</u>	<u>\$ 169,163</u>	<u>\$ 134,150,512</u>

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

General government	\$ 1,693,155
Public safety	66,899
Highways and streets	6,040,242
Health and sanitation	102,504
Parks, culture and recreation	<u>24,093</u>
Total depreciation expense- governmental activities	<u>\$ 7,926,893</u>

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

**4. Capital assets (continued)**

- C. Capital asset activity for the business-type activities for the year ended June 30, 2016 was as follows:

	Balances <u>June 30, 2015</u>	<u>Additions</u>	Balances <u>June 30, 2016</u>
Capital assets, not being depreciated:			
Land	\$ 78,356	\$ -	\$ 78,356
Capital assets, being depreciated:			
Buildings and equipment	963,173	15,173	978,346
Less accumulated depreciation for:			
Buildings and equipment	<u>(963,173)</u>	<u>(1,445)</u>	<u>(964,618)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>13,728</u>	<u>13,728</u>
Total capital assets	<u>\$ 78,356</u>	<u>\$ 13,728</u>	<u>\$ 92,084</u>

- D. Depreciation expense charged to the sewer business-type activity amounted to \$1,445 for the year ended June 30, 2016.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. Long-term obligations

- A. Changes in governmental activities long-term obligations for the year ended June 30, 2016 were as follows:

	Outstanding July 1, 2015	Additions	Reductions	Outstanding June 30, 2016	Balances Due Within One Year
Long-term debt obligations					
Oregon Economic and Community Development Department 2009	\$ 1,014,119	\$ -	\$ 54,551	\$ 959,568	\$ 54,933
Oregon Department of Transportation	<u>2,603,691</u>	<u>3,778,323</u>	<u>-</u>	<u>6,382,014</u>	<u>-</u>
Total long-term debt obligations	3,617,810	3,778,323	54,551	7,341,582	54,933
Other long-term obligations					
Compensated absences	1,352,786	1,407,423	1,352,786	1,407,423	1,407,423
Landfill liability	3,391,747	-	-	3,391,747	960,000
Net other post employment benefits	1,425,310	94,948	-	1,520,258	-
Net pension liability	<u>-</u>	<u>11,709,990</u>	<u>-</u>	<u>11,709,990</u>	<u>-</u>
Total long-term obligations	<u>\$ 9,787,653</u>	<u>\$ 16,990,684</u>	<u>\$ 1,407,337</u>	<u>\$ 25,371,000</u>	<u>\$ 2,422,356</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 principal 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, 2016, \$6,382,014 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)

### 5. Long-term obligations (continued)

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

Fiscal Year	OECD	
	Principal	Interest
2017	\$ 54,933	\$ 44,567
2018	60,331	42,370
2019	60,744	39,957
2020	61,201	37,375
2021	66,705	34,621
2022-26	381,987	125,191
2027-29	<u>273,667</u>	<u>26,948</u>
	<u>\$ 959,568</u>	<u>\$ 351,029</u>

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

### 6. Conduit debt

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

On August 22, 2014 the Yamhill County Hospital Authority (Authority) issued variable rate demand series 2014 bonds in the amount of \$24,730,000. Series 2014A (tax-exempt) has a maturity date of December 1, 2039. Series 2014B (federally taxable) has a maturity date of December 1, 2017. The proceeds were assigned to Friendsview Manor dba Friendsview Retirement Community, an Oregon non-profit organization and were used to fully defease previously issued bonds, finance improvements, remodel and expand the continuing care retirement facility, and to pay the costs associated with issuance of the bonds. The bonds do not constitute a debt or liability of the Authority or Yamhill County. The outstanding amounts at June 30, 2016 for series 2014A and series 2014B are \$23,395,000 and \$1,335,000, respectively. The Authority has no taxing power.

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

**6. Conduit debt (continued)**

In July 2012, the County issued tax-exempt series 2012A 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, 2016 are \$19,510,000 and \$3,945,000 respectively. George Fox University has no taxing power.

**7. Interfund balances and transfers**

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

Fund	Transfers	
	In	Out
General	\$ 2,180,529	\$ 5,136,415
Road	940,813	593,022
Health and Human Services	1,827,948	2,387,094
Capital Improvement	2,214,236	165,120
Nonmajor funds	724,695	1,877,550
Governmental activities - non-cash	1,144,071	-
Cove Orchard Sewer	-	33
Internal Service funds	2,626,540	355,527
Internal Service funds - non-cash	-	1,144,071
	<u>\$ 11,658,832</u>	<u>\$ 11,658,832</u>

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

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

**7. Interfund balances and transfers (continued)**

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

Advances to other funds	Capital		Totals
	Improvement	Nonmajor funds	
Nonmajor governmental	\$ 447,580	\$ -	\$ 447,580
Internal Service funds	486,433	13,076	499,509
Total	<u>\$ 934,013</u>	<u>\$ 13,076</u>	<u>\$ 947,089</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, 2016 is \$447,580.

The Self-Insurance Fund (Internal Service) has outstanding advances totaling \$499,509 as follows:

- Capital Improvement Fund
  - Acquire real property; remaining balance \$419,671
  - Purchase a chiller; remaining balance \$66,762
- Fair Fund
  - Remaining balance \$13,076

**8. Unavailable revenue**

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

	General	Capital	Nonmajor	Totals
		Improvement	Funds	
Property taxes	\$ 1,760,607	\$ -	\$ 30,365	\$ 1,790,972
Grants	287,235	-	-	287,235
Unearned revenues	-	6,000	36,235	42,235
Total	<u>\$ 2,047,842</u>	<u>\$ 6,000</u>	<u>\$ 66,600</u>	<u>\$ 2,120,442</u>

Resources owned by the County, which are measurable but unavailable in the business-type fund, consist of the following:

	Cove Orchard Sewer
Unearned revenues	<u>\$ 216</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. 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](http://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)

### 9. 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. The cost-of-living increase for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro* Decision (*Everice Moro et al v. State of Oregon et al*), the cap on the cost-of-living increases are 2.0 percent for fiscal years 2016 and beyond.

##### 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)

### 9. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. 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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015.

Tier 1/tier 2 employer contribution rates are 12.85 percent and the OPSRP employer contribution rates are 7.19 percent for general service employees and 11.3 percent for public safety employees. Employer contributions for the year ended June 30, 2016 were \$2,579,469, 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, 2016, the County reported a liability of \$11,709,990 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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)

### 9. 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, 2015, the County's proportion was 0.20395487 percent, which is an increase of 0.00357786 percent from its proportion measured as of June 30, 2014.

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

**9. 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, 2016, the County recognized pension expense of \$8,819,970. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 631,462	\$ --
Net difference between projected and actual earnings on pension plan investments	--	2,454,679
Changes in proportion share	56,278	--
Difference between County's contributions and proportionate share of contributions	--	1,039,626
County's contributions subsequent to the measurement date	<u>2,576,469</u>	<u>--</u>
	<u>\$ 3,264,209</u>	<u>\$ 3,494,305</u>

\$2,576,469 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ends June 30,	
2017	\$ (1,267,725)
2018	(1,267,725)
2019	(1,267,725)
2020	998,828
2021	<u>(2,218)</u>
	<u>\$ 2,806,565</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### E. Actuarial valuations

The December 31, 2013 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

##### **Actuarial cost method**

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

##### **Tier One/Tier Two unfunded actuarial accrued liability amortization**

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

##### **Retiree healthcare unfunded actuarial accrued liability amortization**

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

##### **Asset valuation method**

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS.

##### **Contribution rate stabilization method**

Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### E. Actuarial valuations (continued)

##### Allocation of liability for service segments

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 30% (5% for police & fire) based on account balance with each employer and 70% (95% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

##### Allocation of benefits-in-force reserve

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

##### Economic assumptions

Investment return	7.75% compounded annually
Pre-2014 interest crediting	8.00% compounded annually on regular account balances 8.25% compounded annually on variable account balances
Post 2013 interest crediting	7.75% compounded annually
Inflation	2.75% compounded annually
Payroll growth	3.75% compounded annually
Healthcare cost trends	Ranges from 6.1% in 2014 to 4.7% in 2083

##### Demographic assumptions

###### Mortality tables

Healthy retirees	RP 2000, Generational (Scale AA) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Static, Combined Disabled, No Collar, Sex Distinct Male 65% and Female 90% of disabled table
Non-annuitants	Ranges from 55% to 70% of healthy retired mortality tables depending upon sex and employment type

##### Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

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

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

#### **E. Actuarial valuations (continued)**

##### **Salary increase assumptions**

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

The December 31, 2013 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows.

##### **OPSRP unfunded actuarial accrued liability amortization**

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

##### **Economic assumptions**

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

##### **Retirement assumptions**

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected Salary Increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00 percent COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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

#### Discount rate

The discount rate used to measure the total pension liability was 7.75 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS audited financial statements.

The table below presents the assumptions for each of the asset classes in which the Plan was invested at the time based on the OIC's long-term target asset allocation.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00	3.76	3.70	3.45
Intermediate-Term Bonds	3.00	4.23	4.10	5.15
High Yield Bonds	1.80	7.21	6.66	11.10
Large Cap US Equities	11.65	8.60	7.20	17.90
Mid Cap US Equities	3.88	9.38	7.30	22.00
Small Cap US Equities	2.27	10.38	7.45	26.40
Developed Foreign Equities	14.21	8.73	6.90	20.55
Emerging Market Equities	5.49	11.51	7.40	31.70
Private Equity	20.00	11.95	8.26	30.00
Hedge Funds/Absolute Return	5.00	6.46	6.01	10.00
Real Estate (Property)	13.75	7.27	6.51	13.00
Real Estate (REITS)	2.50	8.41	6.76	19.45
Commodities	1.25	7.71	6.07	19.70
Assumed Inflation - Mean			2.75%	2.00%

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 18, 2012, and the revised allocation adopted at the June 26, 2013 OIC meeting.

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

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

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

**Depletion date projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 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 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**G. 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 liability calculated using the discount rate of 7.75 percent, as well as what the County’s proportionate share of the net pension 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 liability or (asset)	\$ 28,261,625	\$ 11,709,990	\$ (2,238,690)

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10. Other post-employment benefits

#### Plan description and benefits provided

The County provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits. As required by ORS 243.303(2) retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

#### Membership

The County's membership in the plan at 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	\$ 126,489
Amortization of UAAL	<u>192,649</u>
Annual required contribution	<u><u>\$ 319,138</u></u>

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

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

The net OPEB obligation as of June 30, 2016 was calculated as follows:

Annual required contribution	\$ 319,138
Interest on prior year Net OPEB	49,886
Adjustment to ARC	(171,381)
Contributions made	<u>(102,695)</u>
Increase in net OPEB obligation	94,948
Net OPEB obligation at beginning of year	<u>1,425,310</u>
Net OPEB obligation at end of year	<u>\$1,520,258</u>

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 is as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2016	\$ 197,643	51.96%	\$ 1,520,258
2015	259,652	37.84%	1,425,310
2014	252,323	45.86%	1,263,914

Funded status and funding progress

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

<u>Valuation</u> <u>Date</u>	<u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Unfunded</u> <u>Accrued</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAL/</u> <u>Payroll</u>
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%

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### Actuarial methods and assumptions

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

In the 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.

### 11. Contingency – sick leave

Portions of amounts of accumulated sick leave at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2016, employees of the County had accumulated 6,090 days of sick leave.

### 12. 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.

### 13. Net position restricted through enabling legislation

The government-wide statement of net position reports \$23,465,644 of restricted net assets, of which \$4,348,811 is restricted by enabling legislation.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 14. Governmental fund balances

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

<b>Fund balances:</b>	General	Road	Health and Human Services	Capital Improvement	Nonmajor Funds	Total
<b>Nonspendable</b>						
Inventory	\$ -	\$ 179,811	\$ -	\$ -	\$ -	\$ 179,811
Prepaid items	18,300	-	-	-	72,616	90,916
<b>Restricted for:</b>						
Highways and streets	-	4,335,211	-	-	23,286	4,358,497
Schools and education	-	-	-	-	74,635	74,635
Health services	-	-	11,467,352	-	3,718,815	15,186,167
Grants	-	-	-	-	75,827	75,827
Public safety	-	-	-	-	2,271,986	2,271,986
County fair	-	-	-	-	51,023	51,023
Capital projects	-	-	-	-	255,854	255,854
Other purposes	-	-	-	-	908,863	908,863
<b>Assigned for:</b>						
Capital projects	-	-	-	1,915,218	-	1,915,218
Landfill costs	1,131,977	-	-	-	-	1,131,977
<b>Unassigned:</b>	<u>12,229,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,245</u>	<u>12,239,124</u>
<b>Total fund balances</b>	<u>\$ 13,380,156</u>	<u>\$ 4,515,022</u>	<u>\$ 11,467,352</u>	<u>\$ 1,915,218</u>	<u>\$ 7,462,150</u>	<u>\$ 38,739,898</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 15. Budgetary perspective differences

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

	General	Road	Health and Human Services
<b>Revenues</b>			
Total fund revenues - budgetary basis	\$ 35,392,131	\$ 8,499,683	\$ 28,883,122
Revenues of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	166,301	-	-
Landfill License Agreement	6,556	-	-
Certain items are classified as revenues on the budgetary basis and are shown as other financing sources on the governmental fund financial statements	<u>(1,560,725)</u>	<u>(940,813)</u>	<u>(207,725)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 34,004,263</u>	<u>\$ 7,558,870</u>	<u>\$ 28,675,397</u>
<b>Expenditures</b>			
Total fund expenditures - budgetary basis	\$ 30,874,247	\$ 7,010,473	\$ 27,882,806
Expenditures of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	12,940	-	-
Landfill License Agreement	346,367	-	-
Certain items are classified as expenditures on the budgetary basis and are shown as other financing (uses) on the governmental fund financial statements	<u>(2,320,880)</u>	<u>(593,022)</u>	<u>(2,387,094)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 28,912,674</u>	<u>\$ 6,417,451</u>	<u>\$ 25,495,712</u>
<b>Other financing sources (uses)</b>			
Total fund other financing sources (uses) - budgetary basis	\$ (2,677,035)	\$ -	\$ 1,620,223
Other financing sources (uses) of separately budgeted funds which are included in the fund on the governmental fund financial statements:			
O&C Reserve	(4,500)	-	-
Landfill License Agreement	485,804	-	-
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>(760,155)</u>	<u>347,791</u>	<u>(2,179,369)</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (2,955,886)</u>	<u>\$ 347,791</u>	<u>\$ (559,146)</u>

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

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

	General	Road	Health and Human Services
<b>Beginning fund balance</b>			
Beginning fund balance - budgetary basis	\$ 9,593,769	\$ 3,025,812	\$ 8,846,813
Beginning 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	-	-
	<u>11,244,453</u>	<u>3,025,812</u>	<u>8,846,813</u>
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 11,244,453</u>	<u>\$ 3,025,812</u>	<u>\$ 8,846,813</u>
<b>Ending fund balance</b>			
Ending fund balance - budgetary basis	\$ 11,434,618	\$ 4,515,022	\$ 11,467,352
Ending fund balance of separately budgeted funds which are included in the fund on the governmental fund financial statements			
O&C Reserve	813,561	-	-
Landfill License Agreement	1,131,977	-	-
	<u>13,380,156</u>	<u>4,515,022</u>	<u>11,467,352</u>
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 13,380,156</u>	<u>\$ 4,515,022</u>	<u>\$ 11,467,352</u>

**16. Related party transactions**

Yamhill County (a member) received from the Yamhill Communications Agency \$444,118 for accounting, payroll, benefit administration, network services and budgeting services provided during the year ended June 30, 2016.

Yamhill County (a member) contributed capital to the Yamhill Communications Agency totaling \$120,000 during the year ended June 30, 2016.

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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	\$ 25,747,864	\$ 24,083,363
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	-17.667%	42.522%
Pension plan's fiduciary net position as a percentage of the total pension liability	91.875%	103.590%

\* Information will be accumulated annually until 10 years is presented

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions	\$ 2,579,469	\$ 1,526,840	\$ 1,516,018	\$ 1,521,246	\$ 1,532,937	\$ 993,769	\$ 1,020,859	\$ 1,887,434	\$ 1,752,323	\$ 2,580,183
Contractually required contributions recognized by the pension plan	2,579,469	1,526,840	1,516,018	1,521,246	1,532,937	993,769	1,020,859	1,887,434	1,752,323	2,580,183
Difference	-	-	-	-	-	-	-	-	-	-
Covered payroll	25,747,864	24,083,363	22,515,420	21,801,224	21,467,871	21,694,412	21,630,832	20,823,459	19,326,050	18,074,143
Contractually required contributions as a percentage of covered payroll	10.01819%	6.33981%	6.73324%	6.97780%	7.14061%	4.58076%	4.71946%	9.06398%	9.06716%	14.27555%

\* 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, 2016**

	General	O&C Reserve	Landfill License Agreement	Totals
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 11,874,910	\$ 813,561	\$ 1,131,977	\$ 13,820,448
Receivables	2,883,652	-	-	2,883,652
Prepaid items	18,300	-	-	18,300
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 14,776,862</u>	<u>\$ 813,561</u>	<u>\$ 1,131,977</u>	<u>\$ 16,722,400</u>
<b><u>LIABILITIES</u></b>				
Account payable	\$ 380,921	\$ -	\$ -	\$ 380,921
Payroll and related liabilities	897,684	-	-	897,684
Deposits	15,797	-	-	15,797
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>1,294,402</u>	<u>-</u>	<u>-</u>	<u>1,294,402</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	2,047,842	-	-	2,047,842
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>FUND BALANCES</u></b>				
Nonspendable	18,300	-	-	18,300
Assigned	-	-	1,131,977	1,131,977
Unassigned	11,416,318	813,561	-	12,229,879
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>11,434,618</u>	<u>813,561</u>	<u>1,131,977</u>	<u>13,380,156</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,776,862</u>	<u>\$ 813,561</u>	<u>\$ 1,131,977</u>	<u>\$ 16,722,400</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUNDS  
For the Year Ended June 30, 2016**

	General	O&C Reserve	Landfill License Agreement	Totals
<b>REVENUES</b>				
Property taxes	\$ 19,963,242	\$ -	\$ -	\$ 19,963,242
Miscellaneous taxes	19,061	-	-	19,061
Licenses, permits and fees	1,180,070	-	-	1,180,070
Intergovernmental	4,179,660	160,327	-	4,339,987
Charges for services	7,621,019	-	-	7,621,019
Fines and forfeitures	394,908	-	-	394,908
Interest	112,827	5,974	6,556	125,357
Other	360,619	-	-	360,619
	<u>33,831,406</u>	<u>166,301</u>	<u>6,556</u>	<u>34,004,263</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Current				
General government	12,442,989	8,846	-	12,451,835
Public safety	15,524,098	-	-	15,524,098
Parks, culture, and recreation	204,233	-	-	204,233
Health and welfare	-	-	344,567	344,567
Capital outlay	387,941	-	-	387,941
	<u>28,559,261</u>	<u>8,846</u>	<u>344,567</u>	<u>28,912,674</u>
<b>TOTAL EXPENDITURES</b>				
Excess (deficiency) of revenues over expenditures	<u>5,272,145</u>	<u>157,455</u>	<u>(338,011)</u>	<u>5,091,589</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,694,725	-	485,804	2,180,529
Transfers out	<u>(5,126,021)</u>	<u>(8,594)</u>	<u>(1,800)</u>	<u>(5,136,415)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,431,296)</u>	<u>(8,594)</u>	<u>484,004</u>	<u>(2,955,886)</u>
Net change in fund balances	1,840,849	148,861	145,993	2,135,703
Fund balances at beginning of year	<u>9,593,769</u>	<u>664,700</u>	<u>985,984</u>	<u>11,244,453</u>
Fund balances at end of year	<u>\$ 11,434,618</u>	<u>\$ 813,561</u>	<u>\$ 1,131,977</u>	<u>\$ 13,380,156</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 10,000	\$ 160,327	\$ 150,327
Interest	<u>3,800</u>	<u>5,974</u>	<u>2,174</u>
 TOTAL REVENUES	 13,800	 166,301	 152,501
 <b>EXPENDITURES</b>			
Materials and services	<u>677,672</u>	<u>12,940</u>	<u>664,732</u>
 Excess (deficiency) of revenues over expenditures	 (663,872)	 153,361	 817,233
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>
 Net change in fund balance	 (668,372)	 148,861	 817,233
Fund balance at beginning of year	<u>668,372</u>	<u>664,700</u>	<u>(3,672)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 813,561</u>	 <u>\$ 813,561</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 400	\$ 6,556	\$ 6,156
<b>EXPENDITURES</b>			
Materials and services	<u>965,647</u>	<u>346,367</u>	<u>619,280</u>
Excess (deficiency) of revenues over expenditures	(965,247)	(339,811)	625,436
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	<u>485,804</u>	<u>485,804</u>	<u>-</u>
Net change in fund balance	(479,443)	145,993	625,436
Fund balance at beginning of year	<u>979,443</u>	<u>985,984</u>	<u>6,541</u>
Fund balance at end of year	<u>\$ 500,000</u>	<u>\$ 1,131,977</u>	<u>\$ 631,977</u>

**YAMHILL COUNTY**

**CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 195,410	\$ 195,410	\$ 149,700	\$ (45,710)
Charges for services	1,745,299	1,745,299	1,761,744	16,445
Interest earnings	7,000	7,000	22,266	15,266
Other	<u>197,870</u>	<u>197,870</u>	<u>153,383</u>	<u>(44,487)</u>
<b>TOTAL REVENUES</b>	<u>2,145,579</u>	<u>2,145,579</u>	<u>2,087,093</u>	<u>(58,486)</u>
<b>EXPENDITURES</b>				
Facilities Maintenance				
Personnel services	546,481	546,481	485,986	60,495
Materials and services	<u>659,168</u>	<u>659,168</u>	<u>556,143</u>	<u>103,025</u>
Total Facilities Maintenance	<u>1,205,649</u>	<u>1,205,649</u>	<u>1,042,129</u>	<u>163,520</u>
Information Systems				
Materials and services	<u>293,620</u>	<u>323,620</u>	<u>312,331</u>	<u>11,289</u>
Capital Improvement				
Personnel services	30,004	30,004	19,753	10,251
Materials and services	142,570	142,570	67,364	75,206
Capital outlay	<u>510,353</u>	<u>522,853</u>	<u>421,633</u>	<u>101,220</u>
Total Capital Improvement	<u>682,927</u>	<u>695,427</u>	<u>508,750</u>	<u>186,677</u>
Maintenance Reserve				
Capital outlay	<u>141,080</u>	<u>141,080</u>	<u>-</u>	<u>141,080</u>
Jail				
Materials and services	157,000	157,000	73,427	83,573
Capital outlay	<u>300,000</u>	<u>300,000</u>	<u>200,643</u>	<u>99,357</u>
Total Jail	<u>457,000</u>	<u>457,000</u>	<u>274,070</u>	<u>182,930</u>
Software Reserve				
Capital outlay	<u>574,107</u>	<u>544,107</u>	<u>54,030</u>	<u>490,077</u>
Capital Project				
Capital outlay	<u>282,911</u>	<u>282,911</u>	<u>147,852</u>	<u>135,059</u>
Debt service	<u>101,300</u>	<u>101,300</u>	<u>101,300</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>3,738,594</u>	<u>3,751,094</u>	<u>2,440,462</u>	<u>1,310,632</u>
Excess (deficiency) of revenues over expenditures	<u>(1,593,015)</u>	<u>(1,605,515)</u>	<u>(353,369)</u>	<u>1,252,146</u>

*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		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 477,139	\$ 489,639	\$ 489,639	\$ -
Repayments on interfund loans	(163,513)	(163,513)	(163,783)	(270)
Interest on interfund loans	(5,940)	(5,940)	(5,390)	550
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>307,686</u>	<u>320,186</u>	<u>320,466</u>	<u>280</u>
Net change in fund balance	(1,285,329)	(1,285,329)	(32,903)	1,252,426
Fund balance at beginning of year	<u>2,050,548</u>	<u>2,050,548</u>	<u>2,882,134</u>	<u>831,586</u>
Fund balance at end of year	<u>\$ 765,219</u>	<u>\$ 765,219</u>	2,849,231	<u>\$ 2,084,012</u>
<b>Reconciliation to generally accepted accounting principles</b>				
Advances from other funds			<u>(934,013)</u>	
Fund balance at end of year			<u>\$ 1,915,218</u>	

**YAMHILL COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	Special Revenue	Capital Projects	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 6,949,681	\$ 256,079	\$ 7,205,760
Receivables	158,386	5,451	163,837
Prepaid items	72,616	-	72,616
 TOTAL ASSETS	 \$ 7,628,263	 \$ 261,530	 \$ 7,889,793
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 145,121	\$ 5,676	\$ 150,797
Payroll and related liabilities	173,096	-	173,096
Deposits	24,074	-	24,074
Advances from other funds	13,076	-	13,076
 TOTAL LIABILITIES	 355,367	 5,676	 361,043
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	66,600	-	66,600
<b><u>FUND BALANCES</u></b>			
Nonspendable	72,616	-	72,616
Restricted	7,124,435	255,854	7,380,289
Unassigned	9,245	-	9,245
 TOTAL FUND BALANCES	 7,206,296	 255,854	 7,462,150
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 7,628,263	 \$ 261,530	 \$ 7,889,793

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	Special Revenue	Capital Projects	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Property taxes	\$ 343,116	\$ -	\$ 343,116
Miscellaneous taxes	9,517	-	9,517
Licenses, permits and fees	291,306	-	291,306
Intergovernmental	4,167,801	62,449	4,230,250
Charges for services	2,139,328	52,810	2,192,138
Fines and forfeitures	42,343	-	42,343
Interest	57,531	2,253	59,784
Other	450,271	-	450,271
	<u>7,501,213</u>	<u>117,512</u>	<u>7,618,725</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current			
General government	289,793	-	289,793
Public safety	3,939,311	-	3,939,311
Highways and streets	-	138	138
Parks, culture, and recreation	449,472	35,889	485,361
Education	61,494	-	61,494
Capital outlay	379,484	12,340	391,824
	<u>5,633,714</u>	<u>48,367</u>	<u>5,682,081</u>
<b>TOTAL EXPENDITURES</b>			
Excess (deficiency) of revenues over expenditures	<u>1,867,499</u>	<u>69,145</u>	<u>1,936,644</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	724,695	-	724,695
Transfers out	<u>(1,624,354)</u>	<u>(253,196)</u>	<u>(1,877,550)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(899,659)</u>	<u>(253,196)</u>	<u>(1,152,855)</u>
Net change in fund balances	967,840	(184,051)	783,789
Fund balances at beginning of year	<u>6,238,456</u>	<u>439,905</u>	<u>6,678,361</u>
Fund balances at end of year	<u>\$ 7,206,296</u>	<u>\$ 255,854</u>	<u>\$ 7,462,150</u>

**YAMHILL COUNTY**

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2016**

	Community Corrections	Solid Waste	County Clerk's Records	Dog Control	Law Library
<b><u>ASSETS</u></b>					
Cash and investments	\$ 2,101,278	\$ 3,259,461	\$ 82,535	\$ 357,063	\$ 13,434
Receivables	21,995	100,627	-	-	-
Prepaid items	-	68,114	-	-	-
Advances to other funds	-	447,580	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 2,123,273</u></b>	<b><u>\$ 3,875,782</u></b>	<b><u>\$ 82,535</u></b>	<b><u>\$ 357,063</u></b>	<b><u>\$ 13,434</u></b>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 42,200	\$ 75,887	\$ 640	\$ 7,727	\$ 3,766
Payroll and related liabilities	139,214	12,966	1	14,590	423
Deposits	-	-	-	4,619	-
Advances from other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>181,414</u></b>	<b><u>88,853</u></b>	<b><u>641</u></b>	<b><u>26,936</u></b>	<b><u>4,189</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Unavailable revenue	-	-	-	-	-
<b><u>FUND BALANCES</u></b>					
Nonspendable	-	68,114	-	-	-
Restricted	1,941,859	3,718,815	81,894	330,127	-
Unassigned	-	-	-	-	9,245
<b>TOTAL FUND BALANCES</b>	<b><u>1,941,859</u></b>	<b><u>3,786,929</u></b>	<b><u>81,894</u></b>	<b><u>330,127</u></b>	<b><u>9,245</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 2,123,273</u></b>	<b><u>\$ 3,875,782</u></b>	<b><u>\$ 82,535</u></b>	<b><u>\$ 357,063</u></b>	<b><u>\$ 13,434</u></b>

County School	County Fair	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ 62	\$ 105,545	\$ 631,511	\$ 225,390	\$ 75,827	\$ 72,909	\$ 24,666	\$ 6,949,681
-	2,393	-	1,286	-	32,085	-	158,386
-	3,752	750	-	-	-	-	72,616
-	-	-	-	-	-	-	447,580
<u>\$ 62</u>	<u>\$ 111,690</u>	<u>\$ 632,261</u>	<u>\$ 226,676</u>	<u>\$ 75,827</u>	<u>\$ 104,994</u>	<u>\$ 24,666</u>	<u>\$ 7,628,263</u>
\$ -	\$ 5,770	\$ 9,072	\$ 3	\$ -	\$ 56	\$ -	\$ 145,121
-	1,834	-	2,688	-	-	1,380	173,096
-	-	-	19,455	-	-	-	24,074
-	13,076	-	-	-	-	-	13,076
-	20,680	9,072	22,146	-	56	1,380	355,367
-	36,235	-	-	-	30,365	-	66,600
-	3,752	750	-	-	-	-	72,616
62	51,023	622,439	204,530	75,827	74,573	23,286	7,124,435
-	-	-	-	-	-	-	9,245
62	54,775	623,189	204,530	75,827	74,573	23,286	7,206,296
<u>\$ 62</u>	<u>\$ 111,690</u>	<u>\$ 632,261</u>	<u>\$ 226,676</u>	<u>\$ 75,827</u>	<u>\$ 104,994</u>	<u>\$ 24,666</u>	<u>\$ 7,628,263</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016**

	Community Corrections	Solid Waste	County Clerk's Records	Dog Control	Law Library
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous taxes	-	-	-	-	-
Licenses, permits and fees	-	-	-	291,306	-
Intergovernmental	3,608,016	-	-	-	88,858
Charges for services	436,737	1,189,780	14,666	31,212	-
Fines and forfeitures	-	-	-	42,343	-
Interest	16,140	29,144	710	1,470	330
Other	36,406	2,700	-	328,233	1
	<u>4,097,299</u>	<u>1,221,624</u>	<u>15,376</u>	<u>694,564</u>	<u>89,189</u>
<b>TOTAL REVENUES</b>					
<b>EXPENDITURES</b>					
Current					
General government	-	-	19,883	-	65,383
Public safety	3,509,642	-	-	429,669	-
Highway and streets	-	-	-	-	-
Health and welfare	-	514,160	-	-	-
Parks, culture, and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	7,864	-	-	-	-
	<u>3,517,506</u>	<u>514,160</u>	<u>19,883</u>	<u>429,669</u>	<u>65,383</u>
<b>TOTAL EXPENDITURES</b>					
Excess (deficiency) of revenues over expenditures	<u>579,793</u>	<u>707,464</u>	<u>(4,507)</u>	<u>264,895</u>	<u>23,806</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	673,022	2,662	-	-	-
Transfers out	<u>(670,036)</u>	<u>(699,079)</u>	<u>(605)</u>	<u>(38,378)</u>	<u>(7,232)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,986</u>	<u>(696,417)</u>	<u>(605)</u>	<u>(38,378)</u>	<u>(7,232)</u>
Net change in fund balances	582,779	11,047	(5,112)	226,517	16,574
Fund balances at beginning of year	<u>1,359,080</u>	<u>3,775,882</u>	<u>87,006</u>	<u>103,610</u>	<u>(7,329)</u>
Fund balances at end of year	<u>\$ 1,941,859</u>	<u>\$ 3,786,929</u>	<u>\$ 81,894</u>	<u>\$ 330,127</u>	<u>\$ 9,245</u>

County School	County Fair	911 Emergency System	Economic Development	Corner Restoration	Title III	Extension	Habitat Conservation	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,116	\$ -	\$ 343,116
9,517	-	-	-	-	-	-	-	9,517
-	-	-	-	-	-	-	-	291,306
51,890	53,667	-	321,870	-	-	-	43,500	4,167,801
-	382,606	-	-	84,327	-	-	-	2,139,328
-	-	-	-	-	-	-	-	42,343
149	509	37	4,875	1,786	639	1,371	371	57,531
-	82,931	-	-	-	-	-	-	450,271
<u>61,556</u>	<u>519,713</u>	<u>37</u>	<u>326,745</u>	<u>86,113</u>	<u>639</u>	<u>344,487</u>	<u>43,871</u>	<u>7,501,213</u>
-	-	-	150,918	53,527	82	-	-	289,793
-	-	-	-	-	-	-	-	3,939,311
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	514,160
-	423,322	-	-	-	-	-	26,150	449,472
61,494	-	-	-	-	-	-	-	61,494
-	24,128	-	-	-	-	347,492	-	379,484
<u>61,494</u>	<u>447,450</u>	<u>-</u>	<u>150,918</u>	<u>53,527</u>	<u>82</u>	<u>347,492</u>	<u>26,150</u>	<u>5,633,714</u>
<u>62</u>	<u>72,263</u>	<u>37</u>	<u>175,827</u>	<u>32,586</u>	<u>557</u>	<u>(3,005)</u>	<u>17,721</u>	<u>1,867,499</u>
-	44,000	-	-	511	-	-	4,500	724,695
-	(110,825)	-	(70,868)	(9,284)	-	(388)	(17,659)	(1,624,354)
-	(66,825)	-	(70,868)	(8,773)	-	(388)	(13,159)	(899,659)
62	5,438	37	104,959	23,813	557	(3,393)	4,562	967,840
-	49,337	(37)	518,230	180,717	75,270	77,966	18,724	6,238,456
<u>\$ 62</u>	<u>\$ 54,775</u>	<u>\$ -</u>	<u>\$ 623,189</u>	<u>\$ 204,530</u>	<u>\$ 75,827</u>	<u>\$ 74,573</u>	<u>\$ 23,286</u>	<u>\$ 7,206,296</u>

**YAMHILL COUNTY**

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2016**

	Bicycle and Footpath	Systems Development	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 123,586	\$ 132,493	\$ 256,079
Receivables	<u>5,451</u>	<u>-</u>	<u>5,451</u>
 TOTAL ASSETS	 <u>\$ 129,037</u>	 <u>\$ 132,493</u>	 <u>\$ 261,530</u>
 <b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ 5,676	\$ 5,676
 <b><u>FUND BALANCES</u></b>			
Restricted for capital projects	<u>129,037</u>	<u>126,817</u>	<u>255,854</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 129,037</u>	 <u>\$ 132,493</u>	 <u>\$ 261,530</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2016**

	Bicycle and Footpath	Systems Development	Totals
<b>REVENUES</b>			
Intergovernmental	\$ 62,449	\$ -	\$ 62,449
Charges for services	-	52,810	52,810
Interest	<u>1,212</u>	<u>1,041</u>	<u>2,253</u>
<b>TOTAL REVENUES</b>	<u>63,661</u>	<u>53,851</u>	<u>117,512</u>
<b>EXPENDITURES</b>			
Current			
Culture and recreation	-	35,889	35,889
Highways and streets	138	-	138
Capital outlay	<u>-</u>	<u>12,340</u>	<u>12,340</u>
<b>TOTAL EXPENDITURES</b>	<u>138</u>	<u>48,229</u>	<u>48,367</u>
Excess (deficiency) of revenues over expenditures	63,523	5,622	69,145
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(252,213)</u>	<u>(983)</u>	<u>(253,196)</u>
Net change in fund balances	(188,690)	4,639	(184,051)
Fund balances at beginning of year	<u>317,727</u>	<u>122,178</u>	<u>439,905</u>
Fund balances at end of year	<u>\$ 129,037</u>	<u>\$ 126,817</u>	<u>\$ 255,854</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 3,621,205	\$ 3,608,016	\$ (13,189)
Charges for services	504,485	551,649	47,164
Interest earnings	8,500	16,140	7,640
Other	<u>23,000</u>	<u>36,406</u>	<u>13,406</u>
<b>TOTAL REVENUES</b>	<u>4,157,190</u>	<u>4,212,211</u>	<u>55,021</u>
<b>EXPENDITURES</b>			
Jail			
Personnel services	233,640	220,692	12,948
Materials and services	<u>130,409</u>	<u>122,655</u>	<u>7,754</u>
<b>Total Jail</b>	<u>364,049</u>	<u>343,347</u>	<u>20,702</u>
Community Corrections			
Personnel services	225,655	166,554	59,101
Materials and services	<u>16,218</u>	<u>17,461</u>	<u>(1,243)</u>
<b>Total Community Corrections</b>	<u>241,873</u>	<u>184,015</u>	<u>57,858</u>
State Enhancement			
Personnel services	2,176,459	1,984,724	191,735
Materials and services	961,519	533,208	428,311
Capital outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>Total State Enhancement</b>	<u>3,147,978</u>	<u>2,517,932</u>	<u>630,046</u>
Work Release			
Personnel services	317,638	295,972	21,666
Materials and services	67,995	56,460	11,535
Capital outlay	<u>15,000</u>	<u>7,864</u>	<u>7,136</u>
<b>Total Work Release</b>	<u>400,633</u>	<u>360,296</u>	<u>40,337</u>

*Continued on next page*

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES (continued)</b>			
Senate Bill 1145			
Personnel services	\$ 187,421	\$ 189,531	\$ (2,110)
Materials and services	<u>88,544</u>	<u>87,627</u>	<u>917</u>
Total Senate Bill 1145	<u>275,965</u>	<u>277,158</u>	<u>(1,193)</u>
Jail Facilities Maintenance			
Personnel services	242,787	212,002	30,785
Materials and services	<u>316,161</u>	<u>292,792</u>	<u>23,369</u>
Total Jail Facilities Maintenance	<u>558,948</u>	<u>504,794</u>	<u>54,154</u>
TOTAL EXPENDITURES	<u>4,989,446</u>	<u>4,187,542</u>	<u>801,904</u>
Excess (deficiency) of revenues over expenditures	(832,256)	24,669	856,925
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>595,000</u>	<u>558,110</u>	<u>(36,890)</u>
Net change in fund balance	(237,256)	582,779	820,035
Fund balance at beginning of year	<u>1,000,000</u>	<u>1,359,080</u>	<u>359,080</u>
Fund balance at end of year	<u>\$ 762,744</u>	<u>\$ 1,941,859</u>	<u>\$ 1,179,115</u>

**YAMHILL COUNTY**

**SOLID WASTE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 1,080,987	\$ 1,189,780	\$ 108,793
Interest earnings	23,862	31,806	7,944
Other	<u>2,700</u>	<u>2,700</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>1,107,549</u>	<u>1,224,286</u>	<u>116,737</u>
<b>EXPENDITURES</b>			
Personnel services	248,851	280,827	(31,976)
Materials and services	1,323,179	357,608	965,571
Contingency	<u>2,236,459</u>	<u>-</u>	<u>2,236,459</u>
<b>TOTAL EXPENDITURES</b>	<u>3,808,489</u>	<u>638,435</u>	<u>3,170,054</u>
Excess (deficiency) of revenues over expenditures	<u>(2,700,940)</u>	<u>585,851</u>	<u>3,286,791</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Repayments on interfund loans	84,863	84,863	-
Transfers out	<u>(574,804)</u>	<u>(574,804)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(489,941)</u>	<u>(489,941)</u>	<u>-</u>
Net change in fund balance	(3,190,881)	95,910	3,286,791
Fund balance at beginning of year	<u>3,190,881</u>	<u>3,243,439</u>	<u>52,558</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,339,349</u>	<u>\$ 3,339,349</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances to other funds		<u>447,580</u>	
Fund balance at end of year		<u>\$ 3,786,929</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 12,960	\$ 14,666	\$ 1,706
Interest	<u>540</u>	<u>710</u>	<u>170</u>
 TOTAL REVENUES	 <u>13,500</u>	 <u>15,376</u>	 <u>1,876</u>
 <b>EXPENDITURES</b>			
Personnel services	21,927	6,288	15,639
Materials and services	28,192	14,161	14,031
Capital outlay	<u>37,000</u>	<u>-</u>	<u>37,000</u>
 TOTAL EXPENDITURES	 <u>87,119</u>	 <u>20,449</u>	 <u>66,670</u>
 Net change in fund balance	 (73,619)	 (5,112)	 68,507
Fund balance at beginning of year	<u>73,922</u>	<u>87,006</u>	<u>13,084</u>
 Fund balance at end of year	 <u>\$ 303</u>	 <u>\$ 81,894</u>	 <u>\$ 81,591</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 335,846	\$ 291,306	\$ (44,540)
Charges for services	24,810	31,212	6,402
Fines and penalties	21,576	42,343	20,767
Interest	284	1,470	1,186
Miscellaneous	<u>32,333</u>	<u>328,233</u>	<u>295,900</u>
 TOTAL REVENUES	 <u>414,849</u>	 <u>694,564</u>	 <u>279,715</u>
 <b>EXPENDITURES</b>			
Personnel services	343,573	316,063	27,510
Materials and services	<u>199,929</u>	<u>151,984</u>	<u>47,945</u>
 TOTAL EXPENDITURES	 <u>543,502</u>	 <u>468,047</u>	 <u>75,455</u>
 Net change in fund balance	 (128,653)	 226,517	 355,170
Fund balance at beginning of year	<u>128,653</u>	<u>103,610</u>	<u>(25,043)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 330,127</u>	 <u>\$ 330,127</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 75,000	\$ 88,858	\$ 13,858
Interest	250	330	80
Miscellaneous	<u>-</u>	<u>1</u>	<u>1</u>
<b>TOTAL REVENUES</b>	<u>75,250</u>	<u>89,189</u>	<u>13,939</u>
<b>EXPENDITURES</b>			
Personnel services	14,593	12,555	2,038
Materials and services	67,817	60,060	7,757
Contingency	<u>8,840</u>	<u>-</u>	<u>8,840</u>
<b>TOTAL EXPENDITURES</b>	<u>91,250</u>	<u>72,615</u>	<u>18,635</u>
Net change in fund balance	(16,000)	16,574	32,574
Fund balance at beginning of year	<u>16,000</u>	<u>(7,329)</u>	<u>(23,329)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 9,245</u>	 <u>\$ 9,245</u>

**YAMHILL COUNTY**

**COUNTY SCHOOL - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Miscellaneous taxes	\$ 10,000	\$ 9,517	\$ (483)
Intergovernmental	54,500	51,890	(2,610)
Interest	<u>100</u>	<u>149</u>	<u>49</u>
 TOTAL REVENUES	 64,600	 61,556	 (3,044)
 <b>EXPENDITURES</b>			
Materials and services	<u>94,652</u>	<u>61,494</u>	<u>33,158</u>
 Net change in fund balance	 (30,052)	 62	 30,114
Fund balance at beginning of year	<u>30,052</u>	<u>-</u>	<u>(30,052)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 62</u>	 <u>\$ 62</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 50,500	\$ 53,667	\$ 3,167
Charges for services	366,190	384,606	18,416
Interest	-	509	509
Other	<u>69,260</u>	<u>82,931</u>	<u>13,671</u>
<b>TOTAL REVENUES</b>	<u>485,950</u>	<u>521,713</u>	<u>35,763</u>
<b>EXPENDITURES</b>			
County Fair			
Materials and services	<u>238,662</u>	<u>234,364</u>	<u>4,298</u>
Fair Event Center			
Personnel services	77,560	71,294	6,266
Materials and services	238,086	228,359	9,727
Capital outlay	<u>43,965</u>	<u>24,128</u>	<u>19,837</u>
<b>Total Fair Event Center</b>	<u>359,611</u>	<u>323,781</u>	<u>35,830</u>
<b>TOTAL EXPENDITURES</b>	<u>598,273</u>	<u>558,145</u>	<u>40,128</u>
Excess (deficiency) of revenues over expenditures	<u>(112,323)</u>	<u>(36,432)</u>	<u>75,891</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	42,000	42,000	-
Repayments on interfund loans	(13,011)	(13,011)	-
Interest on interfund loans	<u>(130)</u>	<u>(130)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>28,859</u>	<u>28,859</u>	<u>-</u>
Net change in fund balance	(83,464)	(7,573)	75,891
Fund balance at beginning of year	<u>83,464</u>	<u>75,424</u>	<u>(8,040)</u>
Fund balance at end of year	<u>\$ -</u>	67,851	<u>\$ 67,851</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances from other funds		<u>(13,076)</u>	
Fund balance at end of year		<u>\$ 54,775</u>	

**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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ -	\$ 37	\$ 37
Fund balance at beginning of year	<u>-</u>	<u>(37)</u>	<u>(37)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 250,000	\$ 321,870	\$ 71,870
Interest	1,700	4,875	3,175
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL REVENUES	 251,700	 326,745	 75,045
 <b>EXPENDITURES</b>			
Materials and services	<u>632,499</u>	<u>221,786</u>	<u>410,713</u>
Net change in fund balance	(380,799)	104,959	485,758
Fund balance at beginning of year	<u>380,799</u>	<u>518,230</u>	<u>137,431</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 623,189</u>	 <u>\$ 623,189</u>

**YAMHILL COUNTY**

**CORNER RESTORATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 65,000	\$ 84,838	\$ 19,838
Interest	<u>575</u>	<u>1,786</u>	<u>1,211</u>
<b>TOTAL REVENUES</b>	<u>65,575</u>	<u>86,624</u>	<u>21,049</u>
<b>EXPENDITURES</b>			
Personnel services	58,755	52,518	6,237
Materials and services	<u>58,005</u>	<u>10,293</u>	<u>47,712</u>
<b>TOTAL EXPENDITURES</b>	<u>116,760</u>	<u>62,811</u>	<u>53,949</u>
Net change in fund balance	(51,185)	23,813	74,998
Fund balance at beginning of year	<u>169,537</u>	<u>180,717</u>	<u>11,180</u>
Fund balance at end of year	<u>\$ 118,352</u>	<u>\$ 204,530</u>	<u>\$ 86,178</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 20,000	\$ -	\$ (20,000)
Interest	<u>500</u>	<u>639</u>	<u>139</u>
 TOTAL REVENUES	 20,500	 639	 (19,861)
 <b>EXPENDITURES</b>			
Materials and services	<u>100,250</u>	<u>82</u>	<u>100,168</u>
 Net change in fund balance	 (79,750)	 557	 80,307
Fund balance at beginning of year	<u>79,750</u>	<u>75,270</u>	<u>(4,480)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 75,827</u>	 <u>\$ 75,827</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 341,620	\$ 343,116	\$ 1,496
Interest	<u>1,000</u>	<u>1,371</u>	<u>371</u>
 TOTAL REVENUES	 342,620	 344,487	 1,867
 <b>EXPENDITURES</b>			
Materials and services	<u>348,881</u>	<u>347,880</u>	<u>1,001</u>
 Net change in fund balance	 (6,261)	 (3,393)	 2,868
Fund balance at beginning of year	<u>71,000</u>	<u>77,966</u>	<u>6,966</u>
 Fund balance at end of year	 <u>\$ 64,739</u>	 <u>\$ 74,573</u>	 <u>\$ 9,834</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 43,500	\$ 43,500	\$ -
Other	<u>60</u>	<u>371</u>	<u>311</u>
<b>TOTAL REVENUES</b>	<u>43,560</u>	<u>43,871</u>	<u>311</u>
<b>EXPENDITURES</b>			
Personnel services	26,001	23,701	2,300
Materials and services	31,559	20,108	11,451
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>TOTAL EXPENDITURES</b>	<u>62,560</u>	<u>43,809</u>	<u>18,751</u>
Excess (deficiency) of revenues over expenditures	(19,000)	62	19,062
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Net change in fund balance	(14,500)	4,562	19,062
Fund balance at beginning of year	<u>14,500</u>	<u>18,724</u>	<u>4,224</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 23,286</u>	<u>\$ 23,286</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 55,727	\$ 62,449	\$ 6,722
Interest	<u>340</u>	<u>1,212</u>	<u>872</u>
<b>TOTAL REVENUES</b>	<u>56,067</u>	<u>63,661</u>	<u>7,594</u>
<b>EXPENDITURES</b>			
Materials and services	252,364	252,351	13
Contingency	<u>117,315</u>	<u>-</u>	<u>117,315</u>
<b>TOTAL EXPENDITURES</b>	<u>369,679</u>	<u>252,351</u>	<u>117,328</u>
Net change in fund balance	(313,612)	(188,690)	124,922
Fund balance at beginning of year	<u>313,612</u>	<u>317,727</u>	<u>4,115</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 129,037</u>	<u>\$ 129,037</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 50,500	\$ 52,810	\$ 2,310
Interest	<u>500</u>	<u>1,041</u>	<u>541</u>
<b>TOTAL REVENUES</b>	<u>51,000</u>	<u>53,851</u>	<u>2,851</u>
<b>EXPENDITURES</b>			
Non-departmental			
Materials and services	2,283	2,076	207
County Fair			
Capital outlay	12,000	12,340	(340)
Parks			
Materials and services	32,632	34,796	(2,164)
Parks System Development			
Capital outlay	<u>109,641</u>	<u>-</u>	<u>109,641</u>
<b>TOTAL EXPENDITURES</b>	<u>156,556</u>	<u>49,212</u>	<u>107,344</u>
Net change in fund balance	(105,556)	4,639	110,195
Fund balance at beginning of year	<u>105,940</u>	<u>122,178</u>	<u>16,238</u>
Fund balance at end of year	<u>\$ 384</u>	<u>\$ 126,817</u>	<u>\$ 126,433</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 47,040	\$ 47,146	\$ 106
Grants	-	-	-
Interest	<u>450</u>	<u>708</u>	<u>258</u>
 TOTAL REVENUES	 <u>47,490</u>	 <u>47,854</u>	 <u>364</u>
 <b>EXPENDITURES</b>			
Personnel services	6,675	6,368	307
Materials and services	50,613	47,076	3,537
Capital outlay	16,000	15,174	826
Contingency	<u>77,956</u>	<u>-</u>	<u>77,956</u>
 TOTAL EXPENDITURES	 <u>151,244</u>	 <u>68,618</u>	 <u>82,626</u>
 Net change in fund balance	 (103,754)	 (20,764)	 82,990
Fund balance at beginning of year	<u>103,754</u>	<u>89,830</u>	<u>(13,924)</u>
 Fund balance at end of year	 <u>\$ -</u>	 69,066	 <u>\$ 69,066</u>
 <b>Reconciliation to generally accepted accounting principles</b>			
Receivables		21,176	
Capital assets, net		<u>92,084</u>	
 Net position at end of year		 <u>\$ 182,326</u>	

**YAMHILL COUNTY**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2016**

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 303,885	\$ 3,815,078	\$ 1,666,939	\$ 5,785,902
Receivables	10,142	27,242	117	37,501
Prepaid items	5,106	-	-	5,106
Advances to other funds	<u>-</u>	<u>499,509</u>	<u>-</u>	<u>499,509</u>
 TOTAL ASSETS	 <u>319,133</u>	 <u>4,341,829</u>	 <u>1,667,056</u>	 <u>6,328,018</u>
<b><u>LIABILITIES</u></b>				
Accounts payable and accrued liabilities	2,803	262	2,159	5,224
Payroll and related liabilities	9,689	1,508	-	11,197
Compensated absences payable	<u>13,769</u>	<u>2,624</u>	<u>-</u>	<u>16,393</u>
 TOTAL LIABILITIES	 <u>26,261</u>	 <u>4,394</u>	 <u>2,159</u>	 <u>32,814</u>
<b><u>NET POSITION</u></b>				
Unrestricted	<u>\$ 292,872</u>	<u>\$ 4,337,435</u>	<u>\$ 1,664,897</u>	<u>\$ 6,295,204</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2016**

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 57,608	\$ 16,021	\$ 73,629
Other	<u>126,793</u>	<u>125,415</u>	<u>15,854</u>	<u>268,062</u>
<b>TOTAL OPERATING REVENUES</b>	<u>126,793</u>	<u>183,023</u>	<u>31,875</u>	<u>341,691</u>
<b>OPERATING EXPENSES</b>				
Personnel services	188,855	74,334	-	263,189
Materials and services	<u>247,692</u>	<u>1,442,512</u>	<u>123,922</u>	<u>1,814,126</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>436,547</u>	<u>1,516,846</u>	<u>123,922</u>	<u>2,077,315</u>
Operating income (loss)	<u>(309,754)</u>	<u>(1,333,823)</u>	<u>(92,047)</u>	<u>(1,735,624)</u>
<b>NONOPERATING REVENUES</b>				
Proceeds from sale of capital assets	-	-	411,900	411,900
Investment earnings	<u>1,972</u>	<u>27,978</u>	<u>15,746</u>	<u>45,696</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>1,972</u>	<u>27,978</u>	<u>427,646</u>	<u>457,596</u>
Income (loss) before transfers	(307,782)	(1,305,845)	335,599	(1,278,028)
Transfers in	401,139	1,740,059	485,342	2,626,540
Transfers out	<u>(21,277)</u>	<u>(121,670)</u>	<u>(1,356,651)</u>	<u>(1,499,598)</u>
Change in net position	72,080	312,544	(535,710)	(151,086)
Net position-beginning	<u>220,792</u>	<u>4,024,891</u>	<u>2,200,607</u>	<u>6,446,290</u>
Net position-end	<u>\$ 292,872</u>	<u>\$ 4,337,435</u>	<u>\$ 1,664,897</u>	<u>\$ 6,295,204</u>

**YAMHILL COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2016**

	Telecommunications	Self-Insurance	Motor Vehicle Replacement	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 401,139	\$ 1,742,567	\$ 367,357	\$ 2,511,063
Other receipts	124,528	125,415	15,805	265,748
Payments for interfund services provided	(15,733)	(120,128)	(43,779)	(179,640)
Payments to suppliers of goods or services	(264,029)	(1,416,383)	(137,311)	(1,817,723)
Payments to employees for services	<u>(192,164)</u>	<u>(72,290)</u>	<u>-</u>	<u>(264,454)</u>
Net cash provided by operating activities	<u>53,741</u>	<u>259,181</u>	<u>202,072</u>	<u>514,994</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	25,000	100,000	125,000
Transfers out	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>24,000</u>	<u>100,000</u>	<u>124,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	-	(1,144,071)	(1,144,071)
Proceeds from sale of capital assets	-	-	411,900	411,900
Repayments of advances to other funds	-	91,931	-	91,931
Interest on advances to other funds	-	2,858	-	2,858
Transfers in	-	-	34,006	34,006
Transfers out	<u>(5,544)</u>	<u>(542)</u>	<u>(168,801)</u>	<u>(174,887)</u>
Net cash provided by (used in) capital and related financing activities	<u>(5,544)</u>	<u>94,247</u>	<u>(866,966)</u>	<u>(778,263)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	<u>1,971</u>	<u>27,977</u>	<u>15,746</u>	<u>45,694</u>
Net increase (decrease) in cash and cash equivalents	50,168	405,405	(549,148)	(93,575)
Cash and cash equivalents-beginning of year	<u>253,717</u>	<u>3,409,673</u>	<u>2,216,087</u>	<u>5,879,477</u>
Cash and cash equivalents-end of year	<u>\$ 303,885</u>	<u>\$ 3,815,078</u>	<u>\$ 1,666,939</u>	<u>\$ 5,785,902</u>

*Continued on next page*

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

	<u>Telecommunications</u>	<u>Self-Insurance</u>	<u>Motor Vehicle Replacement</u>	<u>Totals</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities</b>				
Operating (loss)	\$ (309,754)	\$ (1,333,823)	\$ (92,047)	\$ (1,735,624)
Adjustments to reconcile operating (loss) to net cash provided by operating activities				
Transfers in for interfund charges	401,139	1,712,201	351,336	2,464,676
Transfers out for interfund charges	(15,733)	(120,128)	(43,779)	(179,640)
(Increase) decrease in assets:				
Receivables	(2,265)	(27,242)	(49)	(29,556)
Prepaid items	(5,106)	26,095	-	20,989
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(11,231)	34	(13,389)	(24,586)
Payroll and related liabilities	1,040	729	-	1,769
Compensated absences payable	(4,349)	1,315	-	(3,034)
Net cash provided by operating activities	<u>\$ 53,741</u>	<u>\$ 259,181</u>	<u>\$ 202,072</u>	<u>\$ 514,994</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS**

Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,144,071)</u>	<u>\$ (1,144,071)</u>
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**YAMHILL COUNTY**

**TELECOMMUNICATIONS - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 1,800	\$ 1,972	\$ 172
Other	<u>112,579</u>	<u>126,793</u>	<u>14,214</u>
<b>TOTAL REVENUES</b>	<u>114,379</u>	<u>128,765</u>	<u>14,386</u>
<b>EXPENDITURES</b>			
Personnel services	211,623	197,064	14,559
Materials and services	335,775	265,110	70,665
Capital outlay	<u>85,851</u>	<u>-</u>	<u>85,851</u>
<b>TOTAL EXPENDITURES</b>	<u>633,249</u>	<u>462,174</u>	<u>171,075</u>
Excess (deficiency) of revenues over expenditures	(518,870)	(333,409)	185,461
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>321,289</u>	<u>401,139</u>	<u>79,850</u>
Net change in fund balance	(197,581)	67,730	265,311
Fund balance at beginning of year	<u>197,581</u>	<u>238,911</u>	<u>41,330</u>
Fund balance at end of year	<u>\$ -</u>	306,641	<u>\$ 306,641</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Compensated absences payable		<u>(13,769)</u>	
Net position at end of year		<u>\$ 292,872</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 2,301,291	\$ 1,772,667	\$ (528,624)
Interest	10,000	27,978	17,978
Other	<u>-</u>	<u>125,415</u>	<u>125,415</u>
<b>TOTAL REVENUES</b>	<u>2,311,291</u>	<u>1,926,060</u>	<u>(385,231)</u>
<b>EXPENDITURES</b>			
Personnel services	81,855	73,473	8,382
Materials and services	3,052,061	1,562,729	1,489,332
Contingency	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<b>TOTAL EXPENDITURES</b>	<u>3,633,916</u>	<u>1,636,202</u>	<u>1,997,714</u>
Excess (deficiency) of revenues over expenditures	<u>(1,322,625)</u>	<u>289,858</u>	<u>1,612,483</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Repayments of interfund loans	91,661	91,931	270
Transfers in	-	25,000	25,000
Transfers out	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>91,661</u>	<u>115,931</u>	<u>24,270</u>
Net change in fund balance	(1,230,964)	405,789	1,636,753
Fund balance at beginning of year	<u>2,736,129</u>	<u>3,434,761</u>	<u>698,632</u>
Fund balance at end of year	<u>\$ 1,505,165</u>	3,840,550	<u>\$ 2,335,385</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Advances to other funds		499,509	
Compensated absences payable		<u>(2,624)</u>	
Net position at end of year		<u>\$ 4,337,435</u>	

**YAMHILL COUNTY**

**MOTOR VEHICLE REPLACEMENT - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 549,049	\$ 501,363	\$ (47,686)
Interest	12,700	15,746	3,046
Other	<u>51,000</u>	<u>15,854</u>	<u>(35,146)</u>
<b>TOTAL REVENUES</b>	<u>612,749</u>	<u>532,963</u>	<u>(79,786)</u>
<b>EXPENDITURES</b>			
Materials and services	314,749	255,013	59,736
Capital outlay	1,375,235	1,225,560	149,675
Contingency	<u>145,000</u>	<u>-</u>	<u>145,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,834,984</u>	<u>1,480,573</u>	<u>354,411</u>
Excess (deficiency) of revenues over expenditures	(1,222,235)	(947,610)	274,625
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	<u>-</u>	<u>411,900</u>	<u>411,900</u>
Net change in fund balance	(1,222,235)	(535,710)	686,525
Fund balance at beginning of year	<u>2,163,413</u>	<u>2,200,607</u>	<u>37,194</u>
Fund balance at end of year	<u>\$ 941,178</u>	<u>\$ 1,664,897</u>	<u>\$ 723,719</u>

**YAMHILL COUNTY**

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2016**

Agency Fund	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>Unsegregated Tax and Interest</u></b>				
Assets				
Cash and investments	\$ 1,651,146	\$ 120,130,488	\$ 120,615,317	\$ 1,166,317
Property taxes receivable	<u>9,051,576</u>	<u>121,599,622</u>	<u>121,390,700</u>	<u>9,260,498</u>
Total assets	<u>\$ 10,702,722</u>	<u>\$ 241,730,110</u>	<u>\$ 242,006,017</u>	<u>\$ 10,426,815</u>
Liabilities				
Intergovernmental payables	<u>\$ 10,702,722</u>	<u>\$ 120,153,582</u>	<u>\$ 120,429,489</u>	<u>\$ 10,426,815</u>
<b><u>Holding Trust</u></b>				
Assets				
Cash and investments	<u>\$ 33,701</u>	<u>\$ 27,654</u>	<u>\$ 8,484</u>	<u>\$ 52,871</u>
Liabilities				
Amounts held in trust	<u>\$ 33,701</u>	<u>\$ 27,654</u>	<u>\$ 8,484</u>	<u>\$ 52,871</u>
<b><u>Assessment and Mapping</u></b>				
Assets				
Cash and investments	<u>\$ 268,107</u>	<u>\$ 920,948</u>	<u>\$ 956,747</u>	<u>\$ 232,308</u>
Liabilities				
Intergovernmental payables	<u>\$ 268,107</u>	<u>\$ 920,948</u>	<u>\$ 956,747</u>	<u>\$ 232,308</u>
<b><u>Total-All Agency Funds</u></b>				
Assets				
Cash and investments	\$ 1,952,954	\$ 121,079,090	\$ 121,580,548	\$ 1,451,496
Property taxes receivable	<u>9,051,576</u>	<u>121,599,622</u>	<u>121,390,700</u>	<u>9,260,498</u>
Total assets	<u>\$ 11,004,530</u>	<u>\$ 242,678,712</u>	<u>\$ 242,971,248</u>	<u>\$ 10,711,994</u>
Liabilities				
Intergovernmental payables	\$ 10,970,829	\$ 121,074,530	\$ 121,386,236	\$ 10,659,123
Amounts held in trust	<u>33,701</u>	<u>27,654</u>	<u>8,484</u>	<u>52,871</u>
Total liabilities	<u>\$ 11,004,530</u>	<u>\$ 121,102,184</u>	<u>\$ 121,394,720</u>	<u>\$ 10,711,994</u>

# YAMHILL COUNTY

## SCHEDULE OF CASH RECEIPTS FOR ELECTED OFFICIALS AGENCY FUND For the Year Ended June 30, 2016

Official	Total Cash and Cash Equivalents				Classification of Cash and Cash Equivalents					
	Total Cash and Cash Equivalents	Cash	Cash Disbursements and Refunds	Turned to Treasurer	Total Cash and Cash Equivalents	Cash	Cash with Fiscal Agent	Local Govt Pool Other	Investments	Total
	June 30, 2015	Receipts	and Refunds	Treasurer	June 30, 2016	on Hand	Checking	Agent	Investments	Total
Assessor	\$ 350	\$ 508,871	\$ -	\$ 508,871	\$ 350	\$ 350	\$ -	\$ -	\$ -	\$ 350
Clerk	1,100	738,602	-	738,602	1,100	1,100	-	-	-	1,100
Commissioners	4,700	58	-	58	4,700	4,700	-	-	-	4,700
District Attorney	1,000	693,431	-	693,431	1,000	1,000	-	-	-	1,000
Sheriff	1,010	6,806,103	-	6,806,103	1,010	1,010	-	-	-	1,010
Treasurer	40,533,427	80,878,287	74,261,214	-	47,150,500	2,825	2,307,730	76,026	44,763,919	47,150,500
	<u>\$ 40,541,587</u>	<u>\$ 89,625,351</u>	<u>\$ 74,261,214</u>	<u>\$ 8,747,064</u>	<u>\$ 47,158,660</u>	<u>\$ 10,985</u>	<u>\$ 2,307,730</u>	<u>\$ 76,026</u>	<u>\$ 44,763,919</u>	<u>\$ 47,158,660</u>

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**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, 2016, and have issued our report thereon dated December 30, 2016.

**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 that the County did not reasonably estimate the July 1, 2016 beginning fund balances as defined by ORS 294.361(1) as shown below:

<u>Fund</u>	<u>Estimated</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 8,966,525	\$ 11,434,618	\$ (2,468,093)
Road	3,627,350	4,515,022	(887,672)
Health and Human Service:	12,360,768	11,467,352	893,416

**Internal Control OAR 162-10-230**

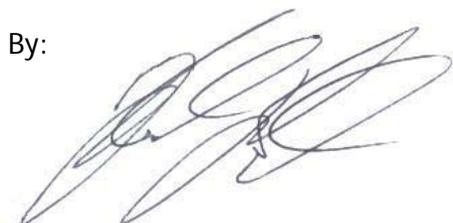
In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose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

**Restriction on Use**

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

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 30, 2016

By:



Bradley G. Bingenheimer, Member

## **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***

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 the Yamhill County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 30, 2016.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 30, 2016



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE (continued)**

**Report on Internal Control over Compliance**

Management of Yamhill County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 30, 2016

**YAMHILL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

**Financial Statements**

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

**Federal Awards**

Internal control over major federal programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

CFDA Number(s)

Name of Federal Program or Cluster

10.665	Schools and Roads – Grants to States
20.509	Formula Grants for Other Than Urbanized Areas
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities

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

Section II – Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

YAMHILL COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2016

<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/>			
<b>Food and Nutrition Service</b>			
<i>Passed through Oregon State Health Division</i>			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553		\$ 7,839
National School Lunch Program	10.555		12,203
Total Child Nutrition Cluster			<hr/> 20,042
<b>Forest Service</b>			
Schools and Roads - Grants to States	10.665		<hr/> 207,560
Total Department of Agriculture			<hr/> 227,602
<hr/> <i>Department of the Interior</i> <hr/>			
<b>Bureau of Land Management</b>			
Payments in Lieu of Taxes	15.226		22,854
Distribution of Receipts to State and Local Governments	15.227		225,327
<b>Fish and Wildlife Service</b>			
National Wildlife Refuge Fund	15.659		<hr/> 3,619
Total Department of the Interior			<hr/> 251,800
<hr/> <i>Department of Justice</i> <hr/>			
<b>Office for Victims of Crime</b>			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance	16.575	VOCA	55,306
<b>Bureau of Justice Assistance</b>			
Drug Court Discretionary Grant Program	16.585		
State Criminal Alien Assistance Program	16.606		
Bulletproof Vest Partnership	16.607		5,592
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<hr/> 1,919
Total Department of Justice			<hr/> 62,817
<hr/> <i>Department of Transportation</i> <hr/>			
<b>Federal Transit Administration</b>			
<i>Passed through Oregon Department of Transportation</i>			
Formula Grants for Rural Areas	20.509	29957	830,364
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	29310	355,252
<b>National Highway Traffic Safety Administration</b>			
<i>Passed through Oregon State Sheriff's Association</i>			
<u>Highway Safety Cluster</u>			
Safety Belt Program	20.616	M1HVE-15-46-08	9,373
DUII Grant	20.616	M5HVE-15-12-21	<hr/> 4,105
Total Highway Safety Cluster			<hr/> 13,478
Total Department of Transportation			<hr/> 1,199,094
<hr/> <i>General Services Administration</i> <hr/>			
<i>Passed through Oregon State Department of Administrative Services</i>			
Donation of Federal Surplus Property	39.003		<hr/> 861

*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><b>Environmental Protection Agency</b></i>			
<b>Office of Water</b>			
<i>Passed through Oregon Department of Human Services</i>			
State Public Water System Supervision	66.432		13,899
Capitalization Grants for Drinking Water State Revolving Funds	66.468		9,263
			<hr/>
Total Environmental Protection Agency			23,162
<i><b>Department of Health and Human Services</b></i>			
<b>Office of Population Affairs</b>			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Family Planning Services	93.217		\$ 57,422
<b>Administration for Children and Families</b>			
<i>Passed through Oregon Commission on Children and Families</i>			
Promoting Safe and Stable Families	93.556		13,042
<i>Passed through Oregon State Adult and Family Services Division</i>			
Child Support Enforcement	93.563		289,679
<b>Centers for Disease Control and Prevention</b>			
<i>Passed through Oregon Department of Human Services</i>			
Public Health Emergency Preparedness	93.069		113,941
Hospital Preparedness Program & Public Health Emergency Preparedness Coc	93.074		9,670
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		675
<b>Health Resources and Services Administration</b>			
<i>Passed through Oregon Department of Human Services</i>			
<i>Service Division</i>			
Maternal and Child Health Services Block Grant	93.994		56,712
<b>Substance Abuse and Mental Health Services Administration</b>			
<i>Passed through Oregon Department of Human Services Service Division</i>			
Block Grants for Community Mental Health Services	93.958		100,891
Block Grants for Prevention and Treatment of Substance Abuse	93.959		205,443
			<hr/>
Total Department of Health and Human Services			847,475
<i><b>Social Security Administration</b></i>			
Social Security - Work Incentives - Planning and Assistance Program	96.008		8,400
<i><b>Department of Homeland Security</b></i>			
<i>Passed through Oregon State Police Office of Emergency Management</i>			
Emergency Management Performance Grants	97.042		89,803
<i>Passed through Oregon Military Department, Office of Emergency Management</i>			
Homeland Security Grant Program	97.067		125,674
			<hr/>
Total Department of Homeland Security			215,477
Total Expenditures of Federal Awards			<hr/> <hr/> \$ 2,836,688

*See accompanying notes*

## YAMHILL COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

1. ***Basis of Presentation***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Yamhill County under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Yamhill County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Yamhill County.

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

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The County allocates indirect costs as allowed by each grant.