

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



12700 SW 72nd Ave.
Tigard, OR 97223

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

BOARD OF DIRECTORS

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Jami Eglund, Chair	June 30, 2017
Tim Pfeiffer, Vice Chair	June 30, 2019
Rick Yeo	June 30, 2017
Susan Fitzgerald	June 30, 2019
Holly Nettles	June 30, 2017

All board members will receive mail at the following address:

120 N. Larch Place
Yamhill, OR 97148
(503) 852-6980

ADMINISTRATION

Charan Cline, Superintendent
Tami Zigler, Business Manager

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditor's Report	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	<i>I-VII</i>
BASIC FINANCIAL STATEMENTS:	
Government - Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet- Governmental Funds	6
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund	
Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statements of Revenues,	
Expenditures and Changes in Fund Balance to the Statement of Activities	9
Statement of Fiduciary Net Position – Fiduciary Fund	10
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	11
Notes to Basic Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the Proportionate Share of the Net Pension Liability	34
Statements of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual:	
General Fund	35
Special Revenue Fund	36
SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual:	
Debt Service Fund	37
Capital Projects Fund	38
Laughlin Scholarship Fund	39

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE NUMBER</u>
OTHER INFORMATION:	
Schedule of Bond and Interest Transactions and Balances	40
Schedule of Future Requirements for Retirement of Long-Term Debt	41
Schedule Required by the Oregon Department of Education	
Revenue Summary – All Funds	42
Expenditure by Function/Object:	
General Fund	43
Special Revenue Funds	44
Debt Service Funds	45
Capital Projects Funds	46
Fiduciary Funds	47
Supplemental Information as Required by the Oregon Department of Education	48
Schedule of Expenditures of Federal Awards	49
Annual Operating Data	50
REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS:	
Independent Auditor’s Report Required by Oregon State Regulations	51



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yamhill Carlton School District No. 1
Yamhill County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yamhill Carlton School District No. 1 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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. 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Yamhill Carlton School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*, for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and required supplemental information, as listed in the table of contents, 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 Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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 supplementary information, as listed in the table of contents, 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.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2017, on our consideration of 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.



MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

As management of Yamhill–Carlton School District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the liabilities of the District exceeded its assets at June 30, 2017 by \$1.25 million.
- The District's total net position increased by \$1.72 million for the year ended June 30, 2017.
- As of June 30, 2017, the District's governmental funds reported combined ending fund balances of \$16,117,821, an increase of \$14,620,477 in comparison with the prior year. The ending fund balance includes \$14,975,431 which is non-spendable or reserved for specific programs. \$1,142,390 constitutes unassigned ending fund balance which is available for spending at the District's discretion subject to board policy.
- At June 30, 2017, the General Fund balance was \$1,140,212 or 11.47% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains 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 overview of the District's finances in a manner similar to a private-sector business. These statements include:

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental activities. The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 4 and 5 of this report.

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The basic governmental fund financial statements can be found on pages 6 and 8 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 12 – 33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the PERS schedules detailing ten years of pension (assets)/liabilities and pension contributions along with budget to actual presentations for required major funds. Required supplementary information can be found on page 34 - 36 of this report.

Supplementary Information presented on pages 37 – 39, includes budgetary comparison for nonmajor and other funds, and schedule of property tax transactions and balances. *Other information* includes continuing disclosures information and other financial schedules. Other information can be found on pages 40 – 50d.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$1,252,898 as of June 30, 2017.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1			
NET POSITION			
	<u>Governmental Activities</u>		
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
ASSETS			
Current and Other Assets	\$ 17,730,219	\$ 2,173,470	\$ 15,556,749
Capital Assets	<u>9,798,978</u>	<u>7,052,821</u>	<u>2,746,157</u>
Total Assets	<u>27,529,197</u>	<u>9,226,291</u>	<u>18,302,906</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-Related Deferrals	2,286,624	107,183	2,179,441
LIABILITIES			
Current Liabilities	2,959,598	1,679,048	1,280,550
Long-Term Obligations	<u>27,906,799</u>	<u>10,509,998</u>	<u>17,396,801</u>
Total Liabilities	<u>30,866,397</u>	<u>12,189,046</u>	<u>18,677,351</u>
DEFERRED INFLOWS OF RESOURCES			
Net Pension-Related Deferrals	202,322	121,506	80,816
NET POSITION			
Net Investment in Capital Assets	4,066,438	2,893,908	1,172,530
Restricted	834,307	368,964	465,343
Unrestricted	<u>(6,153,643)</u>	<u>(6,239,949)</u>	<u>86,306</u>
Total Net Position	<u>\$ 1,252,898</u>	<u>\$ (2,977,077)</u>	<u>\$ 1,724,179</u>

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 35.6% of total assets. The remaining assets consist mainly of investments, cash, prepaid pension costs, and grants and property taxes receivable.

The District's long-term liability, representing about 90.4% of the District's total liabilities, is for the repayment of general obligation and limited tax pension obligation bonds. Current liabilities, which make

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

up about 9.6% of the District's total liabilities, consist principally of payables on accounts, interest and salaries and benefits.

During the current year, the District's net position increased by \$1,724,179 as compared to previous year's net position prior to restatement, primarily due to the collection of taxes for Debt Service resulting in an increase of \$1,775,168 in cash and cash equivalents, offset by an increase payables and the District's proportionate share of net pension liability.

Governmental activities. The key elements of the change in the District's net position for the years ended June 30, 2017 and June 30, 2016 are as follows:

YAMHILL CARLTON SCHOOL DISTRICT NO. 1			
CHANGES IN NET POSITION			
Year Ended June 30, 2017			
	Governmental Activities		Increase
	June 30, 2017	June 30, 2016	(Decrease)
REVENUES			
Program Revenues			
Charges for Services	\$ 10,582	\$ 7,281	\$ 3,301
Operating Grants and Contributions	573,465	605,117	605,117
General Revenues			
Property Taxes Levied for:			
General Purposes	2,961,143	2,789,931	171,212
Debt Service	1,468,851	565,261	903,590
State Sources	7,937,497	7,051,304	886,193
Other Local Sources	1,700,367	1,782,786	(82,419)
Intermediate Sources	227,099	280,916	(53,817)
Federal, Unrestricted	0	0	0
Gain on Disposal	26,614	0	26,614
Earnings on Investments	30,435	15,475	14,960
Total Revenues	<u>14,936,053</u>	<u>13,160,885</u>	<u>1,775,168</u>
EXPENSES			
Instruction	6,960,532	6,903,208	57,324
Support services	4,675,004	4,419,942	255,062
Enterprise and community services	414,635	459,585	(44,950)
Interest on long-term debt	1,161,700	663,126	498,574
Total expenses	<u>13,211,871</u>	<u>12,445,861</u>	<u>766,010</u>
Change in Net Position	1,724,182	715,024	1,009,158
Net Position, Beginning as previously reported	(2,977,080)	(3,692,101)	715,024
Net Position, Ending	<u>\$ (1,252,898)</u>	<u>\$ (2,977,077)</u>	<u>\$ 1,724,179</u>

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

Revenues increased by \$1,775,168 in 2016-17 compared to the previous year primarily due to an increase in property tax and state school fund revenue.

Expenditures increased by \$766,010 overall, primarily due to an increase of \$498,574 of interest due on long term debt payments in relation to the 2016 Bond and GASB 34 adjustments.

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

To further enhance this analysis, the District implemented GASB Statement No. 54 for fiscal year ended June 30, 2011. This GASB reporting requirement requires an analysis and breakdown of ending fund balance for governmental fund types between five new fund balance categories. For more information on the details behind each fund balance category see Note 1 beginning on page 12 of this report.

At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$16,117,821. Of this amount, \$14,975,431 (about 93%) of the ending fund balances constitutes nonspendable or restricted ending fund balance, which are amounts that are either not expendable (such as inventory or prepaid expenses) or are legally restricted by outside parties for a specific purpose (such as bonded debt). The remaining \$1,142,390 (7%) of the ending fund balances is unassigned and available for spending at the District's discretion.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2017 the unassigned fund balance was \$1,140,212. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents about 11.47% of total General Fund expenditures. The total fund balance increased by \$247,767 as compared to prior year's fund balance prior to restatement primarily due to increased revenues from state sources.

Special Revenue. The Special Revenue Fund accounts for revenue and expenditures of grants restricted for specific educational projects as well as internal funds segregated by the Board for the food service program, student activities, and other activities. Grant revenues are primarily from Federal sources. As of June 30, 2017 the restricted fund balance was \$353,117, an increase of \$73,163 from the prior year.

Debt Service. The Debt Service Fund has a total fund balance of \$427,307, all of which is restricted for the payment of debt service.

Capital Assets. The District's investment in capital assets includes land, buildings and building improvements, vehicles and equipment. As of June 30, 2017 the District had invested \$9,798,978 in capital assets, net of depreciation. For more information on capital assets, see Note 4 on page 21 of this report.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

YAMHILL CARLTON SCHOOL DISTRICT NO. 1			
CAPITAL ASSETS			
(net of depreciation)			
	Governmental Activities		
	June 30,	June 30,	Increase
	2017	2016	(Decrease)
Land	\$ 612,077	\$ 612,077	\$ 0
Construction in Progress	3,015,411	0	3,015,411
Building and Equipment, net of depreciation	<u>6,171,490</u>	<u>6,440,744</u>	<u>(269,254)</u>
Total Capital Assets, net of depreciation	<u>\$ 9,798,978</u>	<u>\$ 7,052,821</u>	<u>\$ 2,746,157</u>

Long-Term Debt. At the end of the current fiscal year, the District had \$23,953,653 in bonded debt outstanding. This is an increase of \$12,891,674 from prior year, as the District passed a new general obligation bond and continued to pay down outstanding general obligation and limited tax pension obligation bonds. Refer to Note 5 on page 22 of this report for detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factors considered in developing the budget for next year were the District's student population and a modest projected increase in state support funds.

Personnel expenses make up 69% of the program costs for the instruction, support and administrative functions. While the District has been able to hold salary costs steady in recent years, associated payroll costs have increased dramatically. Negotiations led to a 3% salary increase for all staff. These escalating costs continue to be one of the most pressing concerns for the District in the attempt to balance student needs with the provision of a realistic compensation package for staff.

Medical insurance costs are also expected to increase. The premiums for District health insurance plans have increased over the years, consistent with state and national trends, and this trend is expected to continue.

Another area that will require continued attention is the Public Employees Retirement System (PERS). For the current biennium, ending June 30, 2017, effective rates are 0.53% of salary covered under the plan for Tier 1 and Tier 2 employees and 0.45% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). For the 2017-19 biennium rates are expected to increase for Tier 1 and 2 employees project a rate of 1.56%, while the rate for OPSRP employees is projected as 0.43%.

Other areas of concern include the need for textbook adoptions, equipment replacement and the continued need for facilities repairs and maintenance at all District schools.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

The District's Budget Committee and School Board have considered all these factors while preparing the 2017-18 budget.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information, contact the Business Office, Yamhill-Carlton School District, 120 N. Larch Pl., Yamhill, Oregon 97148.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2017

ASSETS	
Cash and Cash Equivalents	\$ 16,869,665
Property Taxes Receivable	363,230
Accounts Receivable	485,963
Supply Inventory	11,361
Capital Assets - Nondepreciable	3,627,488
Capital Assets - Depreciable, Net of Depreciation	<u>6,171,490</u>
Total Assets	<u>27,529,197</u>
DEFERRED INFLOWS OF RESOURCES	
Net Pension-Related Deferrals	2,286,624
LIABILITIES:	
Accounts Payable	976,324
Interest Payable	332,793
Payroll Liabilities	324,794
Accrued Compensated Absences	2,831
Unearned Revenue	8,319
Noncurrent Liabilities	
Proportionate Share of Net Pension Liability	3,233,657
Net other post employment benefits - due in more than one year	113,980
Due within one year	1,314,537
Due in more than one year	<u>24,559,162</u>
Total Liabilities	<u>30,866,397</u>
DEFERRED INFLOWS OF RESOURCES	
Net Pension-Related Deferrals	202,322
NET POSITION:	
Net Investment in Capital Assets	4,066,438
Restricted for:	
Capital Projects	307,185
Debt Service	427,307
Food Service	20,770
Unemployment Retiree Reserve	79,045
Unrestricted	<u>(6,153,643)</u>
Total Net Position	<u>\$ (1,252,898)</u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 6,960,532	\$ 10,582	\$ 199,842	\$ (6,750,108)
Support Services	4,675,004	-	140,167	(4,534,837)
Community Services	414,635	-	233,456	(181,179)
Interest on Long-Term Debt	1,161,700	-	-	(1,161,700)
Total Governmental Activities	<u>\$ 13,211,871</u>	<u>\$ 10,582</u>	<u>\$ 573,465</u>	<u>(12,627,824)</u>

General Revenues

Taxes:

Property Taxes, Levied for General Purposes	2,961,143
Property Taxes, Levied for Debt Service	1,468,851
State Sources	7,937,497
Income Not Restricted to Specific Programs	
Local Sources	1,700,367
Intermediate Sources	227,099
Gain on Disposal	26,614
Interest and Investment Earnings	30,435
Total General Revenues	<u>14,352,006</u>
Changes in Net Position	1,724,182
Net Position - Beginning	<u>(2,977,080)</u>
Net Position - Ending	<u>\$ (1,252,898)</u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS:					
Cash and Investments	\$ 1,406,800	\$ -	\$ 406,961	\$ 15,055,904	\$ 16,869,665
Property Taxes Receivable	270,058	-	93,172	-	363,230
Intergovernmental Receivable	-	-	-	-	-
Accounts Receivable	73,191	411,309	1,463	-	485,963
Interfund Receivable	24,695	-	-	-	24,695
Prepays	-	-	-	-	-
Inventory	-	11,361	-	-	11,361
Total Assets	\$ 1,774,744	\$ 422,670	\$ 501,596	\$ 15,055,904	\$ 17,754,914
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 81,066	\$ 36,539	\$ -	\$ 858,719	\$ 976,324
Payroll Liabilities	324,794	-	-	-	324,794
Interfund Payable	-	24,695	-	-	24,695
Unearned Revenue	-	8,319	-	-	8,319
Total Liabilities	405,860	69,553	-	858,719	1,334,132
Deferred Inflows:					
Unavailable Property Taxes	228,672	-	74,289	-	302,961
Fund Balances:					
Non-spendable	-	11,361	-	-	11,361
Restricted for:					
Capital Projects	-	-	-	14,197,185	14,197,185
Debt Service	-	-	427,307	-	427,307
Food Service	-	20,770	-	-	20,770
Unemployment Retiree Reserve	-	79,045	-	-	79,045
Assigned to Student Body					
Café	-	239,763	-	-	239,763
Unassigned	1,140,212	2,178	-	-	1,142,390
Total Fund Balances	1,140,212	353,117	427,307	14,197,185	16,117,821
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,774,744	\$ 422,670	\$ 501,596	\$ 15,055,904	\$ 17,754,914

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balances - Governmental Funds	\$	16,117,821
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>		
Net Capital Assets		9,798,978
<p>Accrued interest payable is not included as a liability in the governmental funds.</p>		
		(332,793)
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.</p>		
Long term Liabilities		
General Obligation Bonds Payable	\$	(16,732,496)
OPEB		(113,980)
Limited Tax PERS Bond		(6,158,411)
QZAB and Note		(1,062,748)
Accrued Compensated Absences		<u>(2,831)</u>
		(24,070,466)
<p>The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>		
		(3,233,657)
<p>Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p>		
		2,084,302
Unearned revenue related to property taxes		<u>302,961</u>
Net Position	\$	<u><u>(1,252,898)</u></u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:					
From Local Sources	\$ 3,174,572	\$ 411,952	\$ 2,332,226	\$ 264,393	\$ 6,183,143
From Intermediate Sources	227,099	-	-	-	227,099
From State Sources	6,763,161	289,252	20,283	864,801	7,937,497
From Federal Sources	-	573,465	-	-	573,465
Total Revenues	10,164,832	1,274,669	2,352,509	1,129,194	14,921,204
EXPENDITURES:					
Instruction	5,535,113	787,604	-	-	6,322,717
Support Services	3,882,269	166,450	-	212,244	4,260,963
Community Services	-	403,926	-	-	403,926
Facilities Acquisition and Construction	-	-	-	3,015,411	3,015,411
Debt Service	48,422	-	2,399,582	-	2,448,004
Total Expenditures	9,465,804	1,357,980	2,399,582	3,227,655	16,451,021
Excess of Revenues Over, (Under) Expenditures	699,028	(83,311)	(47,073)	(2,098,461)	(1,529,817)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds	-	-	-	16,123,680	16,123,680
Sale of Capital Assets	26,614	-	-	-	26,614
Transfers In	-	156,474	321,401	-	477,875
Transfers Out	(477,875)	-	-	-	(477,875)
Total Other Financing Sources (Uses)	(451,261)	156,474	321,401	16,123,680	16,150,294
Net Change in Fund Balance	247,767	73,163	274,328	14,025,219	14,620,477
Beginning Fund Balance	892,445	279,954	152,979	171,966	1,497,344
Ending Fund Balance	\$ 1,140,212	\$ 353,117	\$ 427,307	\$ 14,197,185	\$ 16,117,821

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017

Total Net Changes in Fund Balances - Governmental Funds \$ 14,620,477

Repayment of bond principal, capital leases and vested compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and vested compensated absences is an expense for the Statement of Net Position but not the governmental funds.

GO Bonds	563,130	
Net Bond Refunding	(14,200,000)	
Bond premium	(1,920,044)	
Limited Tax PERS Bonds	564,374	
OPEB	(22,040)	
Accrued Vacation Payable	5,720	
QZAB and Note Payments	<u>180,822</u>	
		(14,828,038)

Fixed asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.

Capital Asset Additions		3,015,411
Depreciation Expense		(269,254)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (22,022)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Unavailable property taxes recognized on a full accrual basis		(11,767)
---	--	----------

The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (780,625)

Change in Net Position of Governmental Activities: \$ 1,724,182

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
June 30, 2017

	<u>LAUGHLIN SCHOLARSHIP FUND</u>
ASSETS:	
Cash and Investments	\$ <u>45,772</u>
Total Assets	<u><u>45,772</u></u>
NET POSITION:	
Restricted	<u>45,772</u>
Total Liabilities and Fund Balances	\$ <u><u>45,772</u></u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
For the Year Ended June 30, 2017

	LAUGHLIN SCHOLARSHIP FUND
REVENUES:	
From Local Sources	\$ 3,930
Total Revenues	<u>3,930</u>
EXPENDITURES:	
Instruction	<u>1,000</u>
Total Expenditures	<u>1,000</u>
Excess of Revenues Over, (Under) Expenditures	2,930
Net Change in Net Position	2,930
Net Position - Beginning	<u>42,842</u>
Net Position - Ending	<u><u>\$ 45,772</u></u>

See accompanying notes to basic financial statements.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The districts significant accounting policies are described below.

REPORTING ENTITY

Yamhill Carlton School District No. 1 (the District) is a municipal corporation governed by a separately elected five-member board authorized to transact all business on the District's behalf. The District is a primary government exercising financial accountability for all public education within its boundaries. The Board approves administrative officials. The daily functioning is under supervision of the Superintendent. As required by generally accepted accounting principles, all activities have been included in the basic financial statements.

The financial statements include all funds and account groups. The District is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in GAAP and Governmental Accounting Standards Board (GASB) Statement No. 61. Financial accountability is based primarily on the authority to appoint a voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific financial benefits or impose specific financial burdens and that organization's fiscal dependency. There are no component units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are restricted and unrestricted resources available to finance the program. It is policy to first apply cost reimbursement grant resources to such programs and then general revenues. In the process of aggregating data for the Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables were eliminated to minimize the "grossing up" effect on assets and liabilities. Neither fiduciary funds nor component units that are fiduciary in nature are included.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

All direct expenses by function are reported in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) (CONTINUED)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for all financial resources and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL REVENUE FUND

This fund consists of all special revenue funds established to account for revenues and expenditures related to grants, student activities and other special revenues.

DEBT SERVICE FUND

This fund accounts for the property tax revenues related to debt service and makes the debt service payments on the general obligation bonds.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES (CONTINUED)

CAPITAL PROJECTS FUND

This fund accounts for activities related to the acquisition, construction, repairing and equipping of facilities. Principal revenue sources are proceeds from the sale of bonds and construction excise tax.

FIDUCIARY FUND – NON- MAJOR

LAUGHLIN SCHOLARSHIP FUND

This fund accounts for donations received from the Laughlin family. The funds are disbursed to award recipients chosen annually by the Laughlin family.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, depreciation and amortization are not recorded and debt, vacation pay, and Other Post-Employment Benefits (OPEB) obligations are expensed when paid instead of when incurred.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise & Community Services, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency.

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2017.

PROPERTY TAXES RECEIVABLE

Real and personal property taxes are attached as an enforceable lien on property as of January 1. All taxes levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of State School support and claims for reimbursement of costs under various federal and state grants. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPLY INVENTORIES

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Supplies are accounted for based on the purchase method. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at balance sheet date is considered immaterial by management for reporting purposes.

CAPITAL ASSETS

Capital assets include land, buildings & improvements, and vehicles & equipment, and are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets were depreciated, in prior years, using the straight-line method over the following useful lives:

Building and Improvements	20 to 50 years
Land Improvements	15 to 25 years
Equipment	5 to 20 years
Vehicles	10 years

In the government fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Accordingly, capital assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

COMPENSATED ABSENCES

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation, the rate at which vacation is earned is determined by the employee's length of employment. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-retirement benefits. Early retirement benefits are available to a limited number of employees each year.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full form. Current financial resources are reported as obligation of the funds.

USE OF ESTIMATES

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

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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.

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

PERS

Substantially all employees participate in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

EARLY RETIREMENT

Certificated employees who have reached age 55 or have 20 years of full-time employment in Oregon's public schools, the last 10 years of which have been in the District, are eligible for early retirement benefits which are funded and charged to expenditures as payments become due to early retirees.

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are assets restricted for capital projects, debt service, food service and unemployment retiree reserve.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION (CONTINUED)

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

FUND BALANCE

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The District has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

There were no committed fund balances as of June 30, 2017.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until then. The District reports Deferred Outflows related to the PERS pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The item unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source. Deferred Inflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements is \$767,023, of which \$424,766 is covered by federal depository insurance. The remainder is covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. State statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may be deposits at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

Cash and Investments at June 30, 2017, (recorded at fair value) consisted of:

Demand Deposits:

Checking	\$ 563,764	Governmental Funds	\$ 16,869,665
Savings	3,297	Fiduciary Funds	45,772
Petty Cash	564		
Certificate of Deposit	52,042		
LGIP	<u>16,295,770</u>		
Total	<u>\$ 16,915,437</u>	Total	<u>\$ 16,915,437</u>

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

State statutes governing cash management are followed. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)
If the link has expired please contact the Oregon Short Term Fund directly.

There were the following investments and maturities at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's Investment Pool	\$ 16,295,770	\$ 16,295,770	\$ -	\$ -
Total	\$ 16,295,770	\$ 16,295,770	\$ -	\$ -

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of June 30, 2017, none of the bank balance was exposed to custodial credit risk because it was fully insured.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond three months.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Investments

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2017, 100% of total investments were in the State Treasurer’s Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 612,077	\$ -	\$ -	\$ 612,077
Construction in Progress	-	3,015,411	-	3,015,411
Total capital assets not being depreciated	<u>612,077</u>	<u>3,015,411</u>	<u>-</u>	<u>3,627,488</u>
Capital assets being depreciated:				
Buildings and Improvements	11,219,236	-	-	11,219,236
Vehicles & Equipment	469,718	-	-	469,718
Total capital assets being depreciated	<u>11,688,954</u>	<u>-</u>	<u>-</u>	<u>11,688,954</u>
Less total accumulated depreciation for:				
Buildings and Improvements	(5,085,765)	(231,637)	-	(5,317,402)
Vehicles & Equipment	(162,445)	(37,617)	-	(200,062)
Total accumulated depreciation	<u>(5,248,210)</u>	<u>(269,254)</u>	<u>-</u>	<u>(5,517,464)</u>
Total capital assets being depreciated, net	<u>6,440,744</u>	<u>(269,254)</u>	<u>-</u>	<u>6,171,490</u>
Total Capital Assets, Net	<u>\$ 7,052,821</u>			<u>\$ 9,798,978</u>

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year was charged to the following programs:

Depreciation for the year was charged to the following programs:

Instruction	\$ 154,940
Support Services	104,416
Enterprise and Community Services	<u>9,898</u>
	<u>\$ 269,254</u>

5. LONG-TERM OBLIGATIONS

A summary of debt transactions of the year ended June 30, 2017 is as follows:

Issue Date	Interest Rates	Issue Amount	Outstanding July 1, 2016	Issued	Matured and Redeemed	Outstanding June 30, 2017	Due Within One Year
2015 Refunding	1.97%	\$ 3,685,955	\$ 3,095,626	\$ -	\$ 563,130	\$ 2,532,496	\$ 588,358
2003 PERS UAL	1.50-5.68%	9,421,889	6,722,785	-	254,374	6,468,411	254,045
2007 QZAB	1.49%	1,000,000	535,000	-	65,000	470,000	65,000
2009 QZAB	0.00%	1,000,000	571,427	-	71,429	499,998	71,429
2016 GO Bond	2-4.25%	14,200,000	-	14,200,000	310,000	13,890,000	290,000
2013 Note	2.89%	225,000	<u>137,141</u>	<u>-</u>	<u>44,393</u>	<u>92,748</u>	<u>45,705</u>
Total Governmental Activities			<u>\$ 11,061,979</u>	<u>\$ 14,200,000</u>	<u>\$ 1,308,326</u>	<u>\$ 23,953,653</u>	<u>\$ 1,314,537</u>
Bond Premium			\$ -	\$ 1,923,680	\$ 3,636	\$ 1,920,044	\$ 12,235
Total with premium			<u>\$ 11,061,979</u>	<u>\$ 16,123,680</u>	<u>\$ 1,311,962</u>	<u>\$ 25,873,697</u>	<u>\$ 1,326,772</u>

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM OBLIGATIONS (CONTINUED)

For further detail on debt service, see the ‘Schedule of Bond and Interest Transactions and Balances’ and ‘Schedule of Future Requirements for Retirement of Long-Term Debt’ in the Other Information section of this report.

Bonds

Fiscal Year Ended	Principal	Interest	Total
2017-18	\$ 1,132,403	\$ 1,226,667	\$ 2,359,070
2018-19	1,199,949	1,252,882	2,452,831
2019-20	1,265,781	1,280,450	2,546,231
2020-21	1,335,951	1,312,855	2,648,806
2021-22	698,152	1,334,470	2,032,622
2023-27	7,543,670	3,850,816	11,394,486
2028-32	4,945,000	1,533,489	6,478,489
2033-37	4,770,000	505,625	5,275,625
 Total	 <u>\$ 22,890,906</u>	 <u>\$ 12,297,254</u>	 <u>\$ 35,188,160</u>

Notes Payable

Fiscal Year Ended	Principal	Interest	Total
2017-18	\$ 182,134	\$ 9,721	\$ 191,855
2018-19	183,472	7,412	190,884
2019-20	136,429	5,066	141,495
2020-21	136,429	4,098	140,527
2021-22	141,429	3,129	144,558
2023-27	282,858	3,131	285,989
 Total	 <u>\$ 1,062,751</u>	 <u>\$ 32,557</u>	 <u>\$ 1,095,308</u>

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN

Oregon Public Employees Retirement System (PERS)

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/PERS/Pages/Financials/CAFR-Previous-Years.aspx>

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i) Pension Benefits. The PERS 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, and 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 either by a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
- ii) 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 on or more of the following contributions are met:
- member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii) Disability Benefits. A member with 10 or more years of creditable service who becomes disable 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 PERS judge members) for disability benefits regardless of the length of PERS-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.
- iv) 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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i) Pension Benefits. 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 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.
- ii) 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.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

- iii) 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.
- iv) Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS 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. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were approximately \$23,856, excluding amounts to fund employer specific liabilities.

At June 30, 2017, the District reported a liability of \$3,233,657 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At December 31, 2014, the District's proportion was .02 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 106,984	\$ -
Changes in assumptions	689,661	-
Net difference between projected and actual earnings on pension plan investments	638,835	-
Changes in proportionate share	827,288	3,938
Differences between employer contributions and employer's proportionate share of system contributions	-	198,384
Contributions subsequent to measurement date	23,856	-
Net deferred outflow (inflow) of resources	\$ 2,286,624	\$ 202,322

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 401,080
2018	401,080
2019	637,249
2020	522,928
2021	98,109
Thereafter	-
Total	<u>\$ 2,060,446</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated December 1, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/docs/financial_reports/2016_cafr.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016 measurement date
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.5 percent (reduced from 2.75 percent)
Investment rate of return	7.5 percent (reduced from 7.75 percent)
Projected salary increase	3.5 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.5 percent)
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

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 Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		<i>2.75%</i>

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

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

	Decrease (6.5%)	Rate (7.5%)	Increase (8.5%)
District's proportionate share of the net pension liability	\$ 5,221,278	\$ 3,233,657	\$ 1,572,354

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan that is invested in the IAP. The District makes this contribution on behalf of its employees.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS

Post-Employment Early Retirement Benefits

Plan Description - The District, as a result of collective bargaining agreements, offers post-employment early retirement benefits under a single-employer, defined benefit plan, to certain employees who elect this option. Those employees receive a monthly stipend for a period not to exceed seven years but no later than the month in which the retired employee reaches age 65 or qualifies for federal Social Security Medicare coverage and/or reduced Social Security retirement benefits, whichever is earlier.

Summary of significant accounting policies -The plan is not funded. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy - The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. Although there is no obligation on the part of the District to fund these benefits in advance

Annual Pension Cost and Net Pension Obligation - The District's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameter of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	2017	2016	2015
Annual required contribution	\$ 179,939	\$ 184,913	\$ 62,458
Interest on net pension obligation	2,823	2,052	2,845
Adjustment to annual required contribution	(9,699)	(7,049)	(10,686)
Annual pension cost	173,063	179,916	54,617
Contributions made	(139,744)	(157,876)	(65,953)
Increase in net pension obligation	33,319	22,040	(11,336)
OPEB (Asset) at beginning of year	80,661	58,621	69,957
OPEB (Asset) at end of year	\$ 113,980	\$ 80,661	\$ 58,621

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and 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.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The annual required contribution (ARC) for the current year was determined as part of the October 1, 2016 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue. The unfunded accrued liability is amortized over an open period of 10 years as a percentage of payroll. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 3.5% compounded annually and a 100% assumption of participants who elect medical coverage at retirement; (b) for employees who are not yet retired, the District paid cap is assumed to increase \$60 per month each year until retirement; and (c) no post-retirement benefit increases, an inflation rate of 2.75% and a payroll growth rate of 3.75%.

Funding Status and Funding Progress – As of October 1, 2016, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,093,554, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,093,554.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far 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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is as follows:

	Actuarial Value of Assets	AAL	UAAL	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/1/2016	\$ -	\$ 1,093,554	\$ 1,093,554	0%	5,192,930	21%
10/1/2012	-	443,936	443,936	0%	4,878,563	9%
10/1/2010	-	n/a	n/a	n/a	n/a *	n/a*

* - Not available

The actuary has determined that there is no implicit subsidy liability for the District.

Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees System, P.O. Box 23700, Tigard, OR 97281-3700, by calling 503-598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.59 percent of annual covered payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contribution to PERS' RHIA for the year June 30, 2017 equaled the required contributions for the year.

8. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any to be immaterial. A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, there can be increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District has joined with other school districts in the state, which are participating members of United Schools Insurance Program of Oregon, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District has an annually renewable contract to pay United Schools Insurance Program of Oregon an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage.

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees. The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 477,875	\$ -
Special Revenue Funds	-	156,474
Debt Service Fund	-	321,401
	<u>\$ 477,875</u>	<u>\$ 477,875</u>

The interfund transfers are budgeted amounts from the General Fund to cover the early retiree benefits in the Special Revenue Fund and to cover the payments for the QZAB loans and PERS UAL debt in the Debt Service Fund.

11. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations included community colleges, local school districts, and education service districts. The limitation provided that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. The limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) YCS covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.02 %	\$ 3,233,657	\$ 5,185,832	62.4 %	80.5 %
2016	0.01	354,405	4,767,772	7.4	91.9
2015	0.01	(146,649)	4,758,828	(3.1)	103.6
2014	0.01	330,156	4,182,881	7.9	92

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 23,856	\$ 23,856	\$ -	\$ 5,219,307	0.5 %
2016	88,072	88,072	-	5,185,832	1.7
2015	148,632	148,632	-	4,767,772	3.1
2014	81,797	81,797	-	4,758,828	1.7

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 2,988,185	\$ 2,988,185	\$ 3,174,572	\$ 186,387
Intermediate Sources	230,705	230,705	227,099	(3,606)
State Sources	6,889,620	6,889,620	6,763,161	(126,459)
Federal Sources	2,000	2,000	-	(2,000)
Total Revenues	<u>10,110,510</u>	<u>10,110,510</u>	<u>10,164,832</u>	<u>54,322</u>
EXPENDITURES:				
Instruction	5,751,018	5,751,018 (1)	5,535,113	215,905
Support Services	4,039,885	4,039,885 (1)	3,882,269	157,616
Debt Service	48,422	48,422 (1)	48,422	-
Contingencies	384,810	184,810 (1)	-	184,810
Total Expenditures	<u>10,224,135</u>	<u>10,024,135</u>	<u>9,465,804</u>	<u>558,331</u>
Excess of Revenues Over (Under) Expenditures	(113,625)	86,375	699,028	612,653
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	26,614	26,614
Transfers Out	(286,375)	(486,375) (1)	(477,875)	8,500
Total Other Financing Sources (Uses)	<u>(286,375)</u>	<u>(486,375)</u>	<u>(451,261)</u>	<u>35,114</u>
Net Change in Fund Balance	(400,000)	(400,000)	247,767	647,767
Beginning Fund Balance	<u>400,000</u>	<u>400,000</u>	<u>892,445</u>	<u>492,445</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,212</u>	<u>\$ 1,140,212</u>

(1) Appropriation Level

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

SPECIAL REVENUE FUNDS

REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Local Sources	\$ 661,151	\$ 661,151	\$ 411,952	\$ (249,199)
Intermediate Sources	-	-	-	-
State Sources	216,734	216,734	289,252	72,518
Federal Sources	<u>656,154</u>	<u>656,154</u>	<u>573,465</u>	<u>(82,689)</u>
Total Revenues	<u>1,534,039</u>	<u>1,534,039</u>	<u>1,274,669</u>	<u>(259,371)</u>
EXPENDITURES:				
Instruction	983,887	983,887 (1)	787,604	196,283
Support Services	381,475	381,475 (1)	166,450	215,025
Community & Enterprise	<u>528,651</u>	<u>528,651 (1)</u>	<u>403,926</u>	<u>124,725</u>
Total Expenditures	<u>1,894,013</u>	<u>1,894,013</u>	<u>1,357,980</u>	<u>536,033</u>
Revenues Over (Under) Expenditures	<u>(359,974)</u>	<u>(359,974)</u>	<u>(83,311)</u>	<u>276,663</u>
Other Financing Sources, (Uses)				
Transfers In	<u>164,974</u>	<u>164,974</u>	<u>156,474</u>	<u>(8,500)</u>
Total Other Financing Sources	<u>164,974</u>	<u>164,974</u>	<u>156,474</u>	<u>(8,500)</u>
Net Change in Fund Balance	(195,000)	(195,000)	73,163	268,163
Beginning Fund Balance	<u>195,000</u>	<u>195,000</u>	<u>279,954</u>	<u>84,954</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,117</u>	<u>\$ 353,117</u>

(1) Appropriation Level

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

<u>DEBT SERVICE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 2,249,226	\$ 2,249,226	\$ 2,332,226	\$ 83,000
State Sources	15,000	15,000	20,283	5,283
Total Revenues	<u>2,264,226</u>	<u>2,264,226</u>	<u>2,352,509</u>	<u>88,283</u>
EXPENDITURES:				
Debt Service	<u>2,525,786</u>	<u>2,525,786 (1)</u>	<u>2,399,582</u>	<u>126,204</u>
Total Expenditures	<u>2,525,786</u>	<u>2,525,786</u>	<u>2,399,582</u>	<u>#VALUE!</u>
Revenues Over (Under) Expenditures	<u>(261,560)</u>	<u>(261,560)</u>	<u>(47,073)</u>	<u>214,487</u>
Other Financing Sources, (Uses)				
Transfers In	<u>164,974</u>	<u>164,974</u>	<u>321,401</u>	<u>156,427</u>
Total Other Financing Sources	<u>164,974</u>	<u>164,974</u>	<u>321,401</u>	<u>156,427</u>
Net Change in Fund Balance	(96,586)	(96,586)	274,328	370,914
Beginning Fund Balance	<u>140,159</u>	<u>140,159</u>	<u>152,979</u>	<u>12,820</u>
Ending Fund Balance	<u>\$ 43,573</u>	<u>\$ 43,573</u>	<u>\$ 427,307</u>	<u>\$ 383,734</u>

(1) Appropriation Level

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

<u>CAPITAL PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 75,000	\$ 75,000	\$ 264,393	\$ 189,393
State Sources	4,000,000	4,000,000	864,801	(3,135,199)
Total Revenues	<u>4,075,000</u>	<u>4,075,000</u>	<u>1,129,194</u>	<u>(2,945,806)</u>
EXPENDITURES:				
Support Services	7,260,000	7,260,000 (1)	212,244	7,047,756
Facilities Acquisition & Construction	9,700,000	9,700,000 (1)	3,015,411	6,684,589
Contingency	1,355,000	1,355,000 (1)	-	1,355,000
Total Expenditures	<u>18,315,000</u>	<u>18,315,000</u>	<u>3,227,655</u>	<u>15,087,345</u>
Revenues Over, (Under) Expenditures	(14,240,000)	(14,240,000)	(2,098,461)	12,141,539
Other Financing Sources, (Uses)				
Loan Proceeds	14,200,000	14,200,000	16,123,680	1,923,680
Transfers Out	(50,000)	(50,000) (1)	-	50,000
Transfers In	50,000	50,000	-	(50,000)
Total Other Financing Sources, (Uses)	<u>14,200,000</u>	<u>14,200,000</u>	<u>16,123,680</u>	<u>1,923,680</u>
Net Change in Fund Balance	(40,000)	(40,000)	14,025,219	14,065,219
Beginning Fund Balance	40,000	40,000	171,966	131,966
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,197,185</u>	<u>\$ 14,197,185</u>

(1) Appropriation Level

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

LAUGHLIN SCHOLARSHIP FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 2,000	\$ 2,000	\$ 3,930	\$ 1,930
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>3,930</u>	<u>1,930</u>
EXPENDITURES:				
Instruction	<u>2,000</u>	<u>2,000</u>	(1) <u>1,000</u>	<u>1,000</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
Net Change in Fund Balance	-	-	2,930	930
Beginning Fund Balance	<u>38,086</u>	<u>38,086</u>	<u>42,842</u>	<u>4,756</u>
Ending Fund Balance	<u>\$ 38,086</u>	<u>\$ 38,086</u>	<u>\$ 45,772</u>	<u>\$ 5,686</u>

(1) Appropriation Level

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

OTHER INFORMATION

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For the Year Ended June 30, 2017

DATE OF ISSUE	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR
April 21, 2003	\$ 254,374	\$ 254,374
June 12, 2007	65,000	65,000
July 1, 2009	71,429	71,429
July 1, 2013	44,393	44,393
March 17, 2015	563,130	563,130
July 19, 2016	310,000	310,000
 Total	 \$ 1,308,326	 \$ 1,308,326

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT
 For the Year Ended June 30, 2017

	YEAR	PRINCIPAL		INTEREST		INTEREST RATES
		Due 6/15	Due 12/15 & 6/15	Due 6/30	Due 12/30 & 6/30	
On March 17, 2015, \$3,685,955 of General Obligation Refunding Bonds were issued.						
	2017-18	\$ 588,358	\$ 49,890			1.97%
	2018-19	617,409	38,300			1.97%
	2019-20	645,172	26,137			1.97%
	2020-21	681,557	13,427			1.97%
		<u>\$ 2,532,496</u>	<u>\$ 127,754</u>			
Oregon School Boards Association Limited Tax Pension Obligation Bonds Series 2003, Wells Fargo Bank Northwest, NA, Trustee - Original Balance \$9,421,889						
	2017-18	\$ 254,045	\$ 647,327			5.96%
	2018-19	252,540	693,832			6.08%
	2019-20	250,609	740,763			6.15%
	2020-21	249,394	791,978			6.22%
	2021-22	248,152	843,220			6.26%
	2022-23	248,670	897,702			6.27%
	2023-24	920,000	281,372			6.27%
	2024-25	1,025,000	229,756			5.68%
	2025-26	1,145,000	171,536			5.68%
	2026-27	1,270,000	106,500			5.68%
	2027-28	605,000	34,365			5.68%
		<u>\$ 6,468,411</u>	<u>\$ 5,438,351</u>			
Property Loan 2013						
	2017-18	\$ 45,705	\$ 2,718			5.96%
	2018-19	47,043	1,378			6.08%
		<u>\$ 92,748</u>	<u>\$ 4,096</u>			

YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT
For the Year Ended June 30, 2017

	<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>INTEREST RATES</u>
General Obligation Bond				
July 19, 2016	2017-18	\$ 290,000	\$ 529,450	
Original issue: \$14,200,000	2018-19	330,000	520,750	
Premium: \$1,923,680	2019-20	370,000	513,550	
	2020-21	405,000	507,450	
	2021-22	450,000	491,250	
	2023-27	2,935,000	2,163,950	
	2028-32	4,340,000	1,499,125	
	2033-37	4,770,000	505,625	
		<u>\$ 13,890,000</u>	<u>\$ 6,731,150</u>	
		<u>Due 7/10</u>	<u>Due 7/10</u>	
Qualified Zone Academy Bond (QZAB)				
held by LaSalle Bank N.A.				
- Original Balance \$1,000,000				
	2017-18	\$ 65,000	\$ 7,003	1.49%
	2018-19	65,000	6,034	1.49%
	2019-20	65,000	5,066	1.49%
	2020-21	65,000	4,098	1.49%
	2021-22	70,000	3,129	1.49%
	2022-23	70,000	2,088	1.49%
	2023-24	70,000	1,043	1.49%
		<u>\$ 470,000</u>	<u>\$ 28,461</u>	
		<u>Due 7/1</u>	<u>Due 7/1</u>	
Qualified Zone Academy Bond (QZAB)				
held by All Points Capital Corporation				
- Original Balance \$1,000,000				
	2017-18	\$ 71,429	\$ -	0.00%
	2018-19	71,429	-	0.00%
	2019-20	71,429	-	0.00%
	2020-21	71,429	-	0.00%
	2021-22	71,429	-	0.00%
	2022-23	71,429	-	0.00%
	2023-24	71,429	-	0.00%
		<u>\$ 500,000</u>	<u>\$ -</u>	

Yamhill-Carlton School District

Yamhill County, Oregon

**REVENUE SUMMARY - ALL FUNDS
YEAR ENDED JUNE 30, 2017**

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 700	TOTAL
1111 Taxes - current year's levy	\$ 2,852,365	\$ -	\$ 1,444,833	\$ -	\$ -	\$ 4,297,198
1112 Taxes - prior year's levies	108,777	-	24,018	-	-	132,795
1130 Construction Excise Tax	-	-	-	100,667	-	100,667
1190 Penalties and interest on taxes	-	-	-	-	-	-
1311 Tuition from other districts within the state	-	-	-	-	-	-
1312 Tuition from regional districts	29,278	-	-	-	-	29,278
1313 Tuition from districts out of state	-	-	-	-	-	-
1314 Tuition from IN/ST Out/Regional	-	-	-	-	-	-
1330 Summer school tuition	3,075	-	-	-	-	3,075
1332 Tuition form Other Oregon Districts	-	-	-	-	-	-
1400 Transportation fees	-	-	-	-	-	-
1510 Earnings on investments	30,436	14	-	163,726	-	194,176
1600 Food Service	-	101,637	-	-	-	101,637
1700 Excurricular Activities	43,207	298,750	-	-	-	341,957
1811 GED fees	-	-	-	-	-	-
1910 Rentals	5,034	-	-	-	-	5,034
1920 Contributions and donations from private sources	10,330	10,258	-	-	3,930	24,518
1922 Grants from private sources	-	-	-	-	-	-
1941 Services provided other district within the state	-	-	-	-	-	-
1943 Supplies to local districts	-	-	-	-	-	-
1950 Textbook sales and rentals	-	-	-	-	-	-
1960 Recovery of prior year expenditures	30,184	1,112	-	-	-	31,296
1970 Services provided other funds	-	-	863,375	-	-	863,375
1990 Miscellaneous	61,888	182	-	-	-	62,070
1992 Distirct support	-	-	-	-	-	-
1993 Services to other agencies	-	-	-	-	-	-
1994 NWRES D third-party billing	-	-	-	-	-	-
1995 District third-party billing	-	-	-	-	-	-
1996 OAESD Dues Revenue	-	-	-	-	-	-
1998 HTR Catering Services	-	-	-	-	-	-
Total Revenue from Local Sources	3,174,574	411,953	2,332,226	264,393	3,930	6,187,076
Revenue from Intermediate Sources						
2101 County school funds	1,095	-	-	-	-	1,095
2102 General ESD Funds	226,005	-	-	-	-	226,005
2200 Restricted Revenue	-	-	-	-	-	-
2800 Revenue in lieu of taxes	-	-	-	-	-	-
Total Revenue from Intermediate Sources	227,100	-	-	-	-	227,100
Revenue from State Sources						
3101 State School Support	6,573,809	-	-	-	-	6,573,809
3102 SSF - School Lunch Match	-	4,392	-	-	-	4,392
3103 Common school fund	139,078	-	-	-	-	139,078
3199 Other unrestricted sources	50,274	-	-	-	-	50,274
3202 Special Ed Reimbursement	-	4,702	-	-	-	4,702
3299 Other restricted grants-in-aid	-	280,158	-	864,801	-	1,144,959
3990 Other state sources	-	-	20,283	-	-	20,283
Total Revenue from State Sources	6,763,161	289,252	20,283	864,801	-	7,937,497
Revenue from Federal Sources						
4500 Restricted Rev Fed Gov through State	-	517,898	-	-	-	517,898
4700 Grants-in-aid fro the federal government through other intermediate agencies	-	18,191	-	-	-	18,191
4900 USDA Donated Commodities	-	37,376	-	-	-	37,376
Total Revenue from Federal Sources	-	573,465	-	-	-	573,465
Revenue from Other Sources						
5100 Long Term Debt Financing Sources	-	-	-	16,123,680	-	16,123,680
5200 Interfund Transfers	-	156,474	321,401	-	-	477,875
5300 Sale/compensation fixed assets	26,614	-	-	-	-	26,614
5400 Resources - Beginning Fund Balance	892,444	279,954	152,979	171,966	42,842	1,540,185
Total Revenue from Other Sources	919,058	436,428	474,380	16,295,646	42,842	18,168,354
Total	\$ 11,083,893	\$ 1,711,098	\$ 2,826,889	\$ 17,424,840	\$ 46,772	\$ 33,093,492

Yamhill-Carlton School District

Yamhill County, Oregon

**GENERAL FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

Fund: 100 General Funds								
Instruction Expenditures	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
1111 Primary, K-3	\$ 854,990	\$ 377,281	\$ 9,797	\$ 21,961	\$ -	\$ -	\$ -	\$ 1,264,029
1121 Middle/Junior high school programs	833,023	432,561	9,351	27,418	-	-	-	1,302,353
1122 Middle/Junior high school extracurricular	5,053	1,300	-	-	-	-	-	6,353
1131 High school programs	816,561	381,867	10,531	77,990	-	500	-	1,287,449
1132 High school extracurricular	142,771	33,035	26,597	17,828	-	6,360	-	226,591
1140 Pre-Kindergarten Programs	733	-	-	493	-	-	-	1,226
1220 Restrictive programs for student with disabilities	327,719	271,159	72,377	326	-	-	-	671,581
1250 Less restrictive programs for student with disabilities	214,889	145,830	34,288	2,983	-	-	-	397,990
1280 Alternative education	197,513	75,253	41,462	26,622	-	-	-	340,850
1291 English second language programs	30,968	2,569	181	-	-	-	-	33,718
1400 Summer school programs	2,350	622	-	-	-	-	-	2,972
Total Instruction Expenditures	3,426,570	1,721,477	204,584	175,621	-	6,860	-	5,535,112
Support Services Expenditures								
2110 Attendance and social work	25,412	22,031	-	365	-	795	-	48,603
2120 Guidance services	83,891	36,717	76,566	1,777	-	129	-	199,080
2130 Health services	-	-	-	829	-	-	-	829
2140 Psychological services	-	-	4,000	-	-	-	-	4,000
2190 Service direction, student support services	93,385	38,357	-	-	-	-	-	131,742
2210 Improvement of instruction services	-	-	5,814	114	-	-	-	5,928
2220 Educational media services	47,445	44,007	-	4,950	-	-	-	96,402
2240 Instructional Staff Development	-	-	47	-	-	-	-	47
2310 Board of education services	-	-	56,310	3,026	-	31,478	-	90,814
2320 Executive administration services	143,975	61,589	9,089	1,989	-	595	-	217,237
2410 Office of the principal services	549,376	279,630	18,123	17,619	-	4,131	-	868,879
2520 Fiscal services	82,313	27,529	45,865	30,780	-	1,304	-	187,791
2540 Operation and maintenance of plant services	312,224	175,222	385,164	33,039	-	109,303	-	1,014,952
2550 Student transportation services	-	-	728,508	-	-	-	-	728,508
2640 Staff services	24,992	31,318	9,346	780	-	3,810	-	70,246
2660 Technology services	26,824	9,768	139,335	41,281	-	-	-	217,208
Total Support Services Expenditures	1,389,837	726,168	1,478,167	136,549	-	151,545	-	3,882,266
Other Uses Expenditures								
5120 Debt service	-	-	-	-	-	48,422	-	48,422
5200 Transfers of Funds	-	-	-	-	-	-	477,875	477,875
Total Other Uses Expenditures	-	-	-	-	-	48,422	477,875	526,297
Total 100 General Funds	\$ 4,816,407	\$ 2,447,645	\$ 1,682,751	\$ 312,170	\$ -	\$ 206,827	\$ 477,875	\$ 9,943,675

Yamhill County, Oregon
Yamhill County, Oregon

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

Fund: 200 Special Revenue Funds

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Instruction Expenditures								
1111 Primary, K-3	\$ 1,979	\$ 523	\$ -	\$ 313	\$ -	\$ -	\$ -	\$ 2,815
1113 Elementary extracurricular	-	-	-	42,213	-	-	-	42,213
1122 Middle/Junior high school extracurricular	-	-	-	71,283	-	-	-	71,283
1131 High school programs	22,000	7,189	31,563	162,476	-	-	-	223,228
1132 High school extracurricular	-	-	4,491	173,273	-	-	-	177,764
1220 Restrictive programs for student with disabilities	13,048	3,452	-	-	-	-	-	16,500
1250 Less restrictive programs for student with disabilities	107,766	45,525	3,348	-	-	-	-	156,639
1272 Title I	69,191	27,972	-	-	-	-	-	97,163
1430	-	-	-	-	-	-	-	-
Total Instruction Expenditures	213,984	84,661	39,402	449,558	-	-	-	787,605
Support Services Expenditures								
2120 Guidance Services	2,498	202	-	-	-	-	-	2,700
2210 Improve instruction services	13,962	5,732	1,750	4,200	-	-	-	25,644
2212 Other improvement of instruction services	-	-	-	-	-	-	-	-
2230 Assessment and testing	34,416	8,920	266	125	-	-	-	43,727
2240 Instructional staff development	2,463	564	3,660	-	-	-	-	6,687
2410 Office of principal services	-	-	-	-	-	-	-	-
2490 Other support services - school administration	-	-	-	-	-	-	-	-
2520 Fiscal services	-	1,064	-	-	-	-	-	1,064
2529 Other fiscal services	-	-	-	-	-	-	-	-
2540 Operation and maintenance of plant services	-	-	-	-	-	-	-	-
2558 Special education transportation services	-	-	-	-	-	-	-	-
2579 Other internal services	-	-	-	-	-	-	-	-
2620 Plan, research and development	-	-	-	-	-	-	-	-
2640 Staff services	-	-	-	-	-	-	-	-
2660 Technology services	-	-	-	-	-	-	-	-
2700 Supplemental retirement program	15,000	71,627	-	-	-	-	-	86,627
Total Support Services Expenditures	68,339	88,109	5,676	4,325	-	-	-	166,449
Enterprise and Community Services								
3100 Food services	136,055	59,336	2,775	199,359	99	6,302	-	403,926
Total Enterprise and Community Services	136,055	59,336	2,775	199,359	99	6,302	-	403,926
Total 200 Special Revenue Funds	\$ 418,378	\$ 232,106	\$ 47,853	\$ 653,242	\$ 99	\$ 6,302	\$ -	\$ 1,357,980

Yamhill-Carlton School District

Yamhill County, Oregon

**DEBT SERVICE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Fund: 300 Debt Service								
Support Services Expenditures								
2520 Fiscal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Support Services Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	2,399,582	-	2,399,582
Total Other Uses Expenditures	-	-	-	-	-	2,399,582	-	2,399,582
Total 500 Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,399,582	\$ -	\$ 2,399,582

Yamhill-Carlton School District

Yamhill County, Oregon

**CAPITAL PROJECTS FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

Fund: 400 Capital Projects Funds

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>TOTAL</u>
Support Services Expenditures								
2310 Board of Education Services	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ 18,000
2520 Fiscal Services	-	-	-	-	-	5,452	-	5,452
2540 Operation and Maintenance of Plant Services	-	-	36,652	7,325	144,815	-	-	188,792
Total Support Services Expenditures	-	-	54,652	7,325	144,815	5,452	-	212,244
Facilities Acquisition and Construction								
4150 Building Acquisition, Construction, and Impr	-	-	465,904	-	2,549,507	-	-	3,015,411
Total Other Uses Expenditures	-	-	465,904	-	2,549,507	-	-	
Total 400 Capital Projects Funds	\$ -	\$ -	\$ 520,556	\$ 7,325	\$ 2,694,322	\$ 5,452	\$ -	\$ 3,227,655

Yamhill-Carlton School District

Yamhill County, Oregon

**FIDUCIARY FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

Fund: 700 Fiduciary Fund

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>TOTAL</u>
Instruction								
1300 Adult/Continuing Education Programs	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000
Total Instruction Expenditures	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total 700 Agency Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>

Yamhill-Carlton School District

Yamhill County, Oregon

**SUPPLEMENTAL INFORMATION
As Required by The Department of Education
For the Year Ended June 30, 2017**

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity
& heating fuel for these Functions & Objects.

Function 2540
Function 2550

Objects 325 & 326

\$ 198,846
-

B. Replacement of Equipment – **General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

\$ -

Exclude these functions:

1113, 1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

Amount

**YAMHILL-CARLTON SCHOOL DISTRICT
YAMHILL COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>	<u>2016/17 Revenue and Expenditures</u>
U.S. Department of Education					
Passed through Oregon Department of Education:					
Title I, Part A Cluster:					
Grants to Local Educational Agencies	84.010	41190	7/1/2016 - 9/30/2017	\$ 97,163	\$ 97,163
Total, Title I, Part A Cluster				<u>97,163</u>	<u>97,163</u>
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027	36992	7/1/2015 - 9/30/2016	19,936	19,936
Special Education Grants to States	84.027	41646	7/1/2016 - 9/30/2017	188,258	130,768
IDEA Enhancement 15-16	84.027	38464	7/1/2015 - 9/30/2017	2,122	2,122
IDEA Enhancement 16-17	84.027	42788	7/1/2016 - 9/30/2018	2,122	2,122
IDEA Extended Assessment 16-17 - Formula	84.027	42023	7/1/2015 - 6/30/2017	1,691	1,691
Total, Special Education Cluster (IDEA)				<u>214,129</u>	<u>156,639</u>
Title IIA - Improving Teacher Quality State Grants	84.367	36303	7/1/2015 - 9/30/2016	7,100	7,100
Title IIA - Improving Teacher Quality State Grants	84.367	41445	7/1/2016 - 9/30/2017	47,394	25,232
				<u>54,494</u>	<u>32,332</u>
Total, Passed through Oregon Department of Education				<u>365,786</u>	<u>286,133</u>
Total, U.S. Department of Education				<u><u>365,786</u></u>	<u><u>286,133</u></u>
IDEA Regional Services	84.027		7/1/2016 - 6/30/2017	16,500	16,500
Total, Passed through Willamette ESD				<u><u>16,500</u></u>	<u><u>16,500</u></u>
U.S. Department of Agriculture					
Passed through Oregon Department of Education:					
Child Nutrition Cluster:					
Commodities	10.555	N/A	7/1/2016 - 6/30/2017	37,005	37,005
Commodities	10.559	N/A	7/1/2016 - 6/30/2017	372	372
School Breakfast Program	10.553	N/A	7/1/2016 - 6/30/2017	60,084	60,084
Summer Food Service Program	10.559	N/A	7/1/2016 - 6/30/2017	9,850	8,990
National School Lunch Program	10.555	N/A	7/1/2016 - 6/30/2017	164,382	164,382
Total, Child Nutrition Cluster				<u>271,693</u>	<u>270,833</u>
Total, U.S. Department of Agriculture				<u><u>271,693</u></u>	<u><u>270,833</u></u>
Total, Federal Awards				\$ 653,978	\$ 573,466

Representative Levy Rate
(Rates per \$1,000 of Assessed Value)

2017

	Operating Rate	Bond Levy Rate	Consolidated Rate
General Government			
Yamhill County	\$ 2.5775	-	\$ 2.5775
Yamhill County Extension Service	0.0449	-	0.0449
Yamhill County Soil & Water	0.0354	-	0.0354
Chemekata Library	0.0818	-	0.0818
City of Carlton	4.9602	0.3677	5.3279
Carlton Fire	1.0500	0.3865	1.4365
Total General Government	<u>8.7498</u>	<u>0.7542</u>	<u>9.5040</u>
Education			
Yamhill-Carlton SD	4.7818	2.3550	7.1368
Willamette Regional ESD	0.2967	-	0.2967
Chemekata Community College	0.6259	0.2759	0.9018
Total Education	<u>5.7044</u>	<u>2.6309</u>	<u>8.3353</u>
Total Tax Rate	<u>\$ 14.4542</u>	<u>\$ 3.3851</u>	<u>\$ 17.8393</u>

Source: Yamhill County Assessor's Office, Tax Code 11

Taxable Property Values

Fiscal Year	M5 Real Market Value	Total Assessed Value	Urban Renewal Excess	Net Assessed Value
2017	\$ 923,637,986	\$ 643,686,198	\$ 6,961,018	\$ 650,647,216
2016	815,265,599	612,467,346	6,431,725	618,899,071
2015	784,024,262	585,124,515	4,446,352	589,570,867
2014	801,527,897	565,421,402	3,610,473	569,031,875
2013	740,047,841	543,068,722	3,075,193	546,143,915
2012	770,715,619	522,553,070	2,583,923	525,136,993
2011	876,128,275	512,139,380	2,341,585	514,480,965

Major Taxpayers - Fiscal Year 2017

Yamhill-Carlton School District

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland General Electric Co	Electrical/Utility	\$ 124,701	\$ 19,059,000	2.96%
Weyerhaeuser Company by Merger to	Wood Products	64,726	9,069,399	1.41%
Willakenzie Estate Inc	Winery	42,605	6,508,324	1.01%
Bailey Nurseries Inc	Nursery Products	24,676	3,482,464	0.54%
Campbell Vineyard Properties LLC	Real Estate	20,826	3,130,045	0.49%
Jackson Family Investments III LLC	Investment	20,788	3,125,893	0.49%
Doran Living Trust	Trust	21,855	3,065,677	0.48%
Lemelson Winery LLC	Winery	19,864	3,034,455	0.47%
Trappist Abby of Our Lady of Guadalupe	Monastery	21,440	3,025,459	0.47%
Carlton Packing Co Inc	Farm	17,068	2,599,402	0.40%
Subtotal - ten of District's largest taxpayers			56,100,118	8.72%
All other District's taxpayers			587,586,080	91.28%
Total District			\$ 643,686,198	100.00%

Representative Levy Rate

Fiscal Year	Permanent Rate	Bond Levy	Total
2017	\$ 4.7818	\$ 2.3550	\$ 7.1368
2016	4.7818	0.9371	5.7189
2015	4.7818	1.2178	5.9996
2014	4.7818	1.0985	5.8803
2013	4.7818	1.1171	5.8989
2012	4.7818	1.2178	5.9996
2011	4.7818	1.2149	5.9967
2010	4.7818	1.2501	6.0319

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 31, 2017

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the Yamhill Carlton School District as of and for the year ended June 30, 2017, and have issued our report thereon dated December 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the Yamhill Carlton School District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Matthew Graves". The signature is written in a cursive style with a prominent initial "M".

MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.